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NEWS SUMMARY

GENERAL

Israel agrees to massacre inquiry

Israel is to appoint an independent judicial inquiry into the massacre of Palestinians in two Beirut refugee camps.

The Israeli Cabinet was yielding to domestic and international pressure. One Minister resigned over an earlier refusal of an inquiry and two more had threatened to do so.

A rally in Tel Aviv on Saturday was the culmination of public pressure for an inquiry which undermined the unity of the coalition government. Back Page

Gill to sue

Former ACC managing director Jack Gill is to sue Lord Grade and three other directors for wrongful dismissal after shareholders rejected a proposed £560,000 golden handshake. Page 8

Embryo denial

The BMA said it had received assurances from Dr Robert Edwards that he was not experimenting on human embryos and so did not object to his test tube baby work.

Water strike

General and Municipal Workers' Union executive council endorsed a 24-hour national water strike planned for October 18.

Whitehall plans

Big changes in the way Government departments are run, but no wider parliamentary scrutiny of Whitehall, are proposed in the White Paper on Civil Service efficiency. Back Page

RSPCA row

Author Richard Adams is expected to resign as RSPCA president today, as a row grows between moderates and progressives. A motion before the council calls for his dismissal.

Belfast shooting

Belfast police shot dead one man and arrested two others after a raid on a post office in the Glengormley area.

Aid for Council

The British Council is to get an extra £2.1m from the Government to offset a shortfall in funds caused by higher inflation rates abroad. Page 9

House prices up

House prices have been rising this year after a setback in 1981, but less quickly than the inflation rate. Page 8

RAF merger

Two of RAF Strike Command's UK Group headquarters, Nos 1 and 38, are to merge, and RAF Bawtry near Doncaster, home of No 1 Group, will close by 1984.

Short-lived

West German scientists created an element—the 109th—by bombarding iron with bismuth nuclei. It existed for a 5,000th of a second and may have no practical use.

Clearing the air

Scientists said the dust covering much of Manchester after an explosion consisted of titanium dioxide, an inert substance, and para-dichlorbenzene, a deodorant.

Briefly . . .

Pateley Bridge with Newereley, N. Yorks, was chosen Europe's top floral village of 1982.

Pope met the Dalai Lama, Tibetan spiritual leader, in Rome.

Rupert Baines of Bristol was fined £40 for delivering his wife's baby alone.

Brisbane Commonwealth Games site was cleared after a bomb hoax.

BUSINESS

Dollar firm; gilts up by 0.61

● DOLLAR was again firm. It rose to DM 2.539 (DM 2.536), FFr 7.17 (FFr 7.1635), SwFr 2.1775 (SwFr 2.1755) and Y269.75 (Y269.075). Its trade-weighted index was 123.9 (123.5). Page 40

● STERLING lost 30 points to $1.6945. It eased to DM 4.3025 (DM 4.305), FFr 12.15 (FFr 12.1675) and SwFr 3.69 (SwFr 3.6925). Its trade-weighted index held at 91.9. Page 40

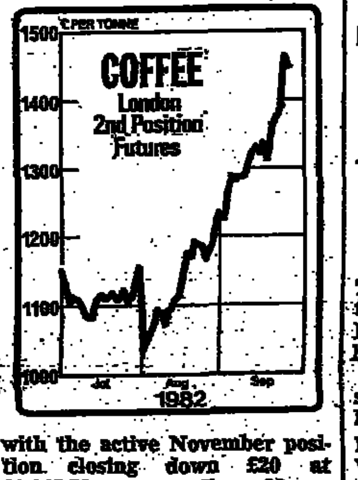
● GOLD was unchanged at $412.5 in London. In New York the Comex October close was $413.75 ($404.6). Page 30

● GILTS continued to advance. The Government Securities index gained 0.61 to 79.73. Page 39

● EQUITIES were selectively strong. The FT 30-share index added 7.1 to 587.6. Page 39

● WALL STREET was up 2.39 to 923.29 near the close. Page 38

● COFFEE robusta futures fell slightly on stop-loss selling



with the active November position closing down £20 at £1,445.50 a tonne. Page 30

● BRITISH GAS Corporation studies show that supply shortages could arise in the next five years. Back Page

● FRANCE plans to cut its dependence on Saudi oil when it renegotiates its supply contract later this year. Page 7

● NEW BANK lending for house mortgages reached a record £1.38bn in the three months to mid-August, according to Bank of England figures. Back Page

● SHEARSON-American Express, U.S. investment banker and brokerage group, put forward a $2.25bn (£1.33bn) refinancing plan to avert possible default on the biggest municipal bond issue in the U.S. Page 33

● PENN SQUARE BANK collapse investigators have referred 30 cases involving more than $70m (£41.3m) to the Justice Department for possible prosecution. Page 6

● ALEXANDER & Alexander Services chairman John Bogardus said Lloyd's members of underwriting syndicates managed by Alexander Howden Group will not face "abnormal losses." Page 8

● ALLIS-CHALMERS, U.S. farm, industrial and mining equipment maker, is seeking to pull out of its loss-making construction machinery joint venture with Fiat of Turin. Back Page

● PAN AMERICAN World Airlines expects a third-quarter loss, although it had forecast a profit for the period. Page 33

● CONSOLIDATED GOLD Fields faces "materially" lower profits unless metal prices and U.S. industry recover from June levels, chairman Lord Erroll of Hale said. Page 29

● TOMATIN DISTILLERS reported pre-tax profits of £109,000 including a £1.25m EEC cereals refund in the first half of 1982, against a £1.12m loss. Page 26; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exqr 12pcCnv '85...£105¼	+	⅜
Exqr 12pc '99-02...£106¾	+	1¼
Assd Dairies	156	+ 6
Barratt Dvlps	361	+ 7
Bass	266	+ 10
Beecham	361	+ 13
Bejam	150	+ 5
Bell (A.)	226	+ 6
British Aerospace	242	+ 9
Bulmer (H. P.)	705	+ 30
Cable and Wireless	348	+ 13
Dixons Photographic	205	+ 7
Glaxo	840	+ 25
Grand Met	292	+ 10
GUS A	625	+ 13
Harris Queensway	264	+ 10
Marks and Spencer	211	+ 5
ORE	259	+ 17
Pifco A	158	+ 13
Plessey	595	+ 13
Ready Mxd Concrete	280	+ 4
Rothmans	115	+ 5
Sainsbury (J.)	405	+ 18
Sketchley	337	+ 7
FALLS		
Acrow A	14½	− 6½
Bonusbond	43	− 4
Equity and Law	518	− 14
Foseco Minsep	133	− 14
Hambro Life	268	− 6
Prudential	299	− 9
Slough Estates	94	− 5
Woolworth	68	− 3
De Beers Dfd	277	− 5
Minorco	431	− 9

Far Left isolated as Labour's leaders and unions strengthen hold

BY PETER RIDDELL, POLITICAL EDITOR, IN BLACKPOOL

THE LABOUR Party leadership and the major trade unions yesterday strengthened their hold over the party by isolating the far Left in the national executive elections.

The leadership believes that after this week's conference in Blackpool and the vote against Militant, Labour will be in a position to begin offering itself as a credible alternative government and that the personal position of Mr Michael Foot, the Labour leader, has been enhanced.

The centre-right gained a couple of seats on the NEC which gives it a clear majority. One result is likely to be the removal of Mr Tony Benn as chairman of the home policy committee and there are also likely to be moves to replace Mr Eric Heffer as chairman of the organisation sub-committee. Some on the right favour his replacement by Mr John Golding who supports a strong line against Militant.

The decisive influence has come from the trade unions. In his major speech yesterday at the conference, Mr Foot appealed to the unions to agree on a joint approach on economic policy including pay, so that Labour would be the only party offering "the road to salvation for our people."

Mr Foot's speech was intended to bring together the various strands in the Labour movement. He urged what amounts to an updating of the 1974 "social contract."

The Labour leader argued that from the first day of government there would have to be as close co-operation as possible, and he said, in remarks clearly aimed at the TUC, that the more that could be prepared in advance, the more could be put in operation on the first day.

Mr Foot said that a national economic assessment with the unions would not mean a statutory incomes policy, to which he was opposed. He said it was well understood that policies covering a wide field were necessary. However, he specifically referred to pay when he argued that it would be possible to avoid industrial disruption by agreeing beforehand on the need for fair treatment for the low paid. This clearly implies some framework on incomes.

Mr Foot's remarks come at a particularly delicate time in view of the recent vote by the TUC annual congress in favour of free collective bargaining. Mr Foot apparently believes that it will still be possible to overcome union caution and reach an agreement. The TUC Labour Party liaison committee is due to discuss the issue next month.

On other topics Mr Foot sought to strengthen his support within the party by reaffirming that Britain would be taken out of the EEC by a Labour government. But he indicated that there would be continued co-operation with continental countries. He also reaffirmed his support for CND but carefully did not mention the word unilateral in his section on disarmament.

His speech, to the disappointment of some supporters, still concentrated on internal issues rather than turning outwards to appeal to the public.

The elections for the NEC show how the major unions have decided to back Mr Foot's leadership, at least for the time being, to secure party unity ahead of the next election. It was only the sections where the unions vote that the centre right achieved its gains.

In contrast, in the section limited to constituency Labour parties, the far left candidate Mrs Audrey Wise, ousted Miss Joan Lestor.

Conference reports, Page 12; Editorial Comment, Page 24

TUC calls transport strike to back health workers

BY JOHN LLOYD, LABOUR EDITOR, IN BLACKPOOL

THE TUC has called a 24-hour transport strike in early November in support of the health workers' pay campaign.

Mr Len Murray, TUC general secretary, said after meeting health union leaders in Blackpool: "Everything that moves will stop."

This day — to be called "Transport Workers' Solidarity Day."

This will include all passenger and freight traffic on road, rail and air and will include passenger ferries though probably not general shipping. Stoppages in the country's docks have yet to be discussed with the unions.

Mr Murray met leaders of all the major unions with Health Service members, including the Transport and General Workers, the General and Municipal Workers, the engineers and the electricians as well as the main health unions.

He has been in contact with the rail union leaders and other transport union officials and said he confidently expected a "positive response" from these unions' executives within the next few days.

The transport strike is the most dramatic instance of the unions' tightening of the screws on the Government in an effort to force it back to the bargaining table or to refer its offer of 6 per cent to ancillary workers and 7.5 per cent to nurses to the Advisory, Conciliation and Arbitration Service.

Other action includes:

● A series of regional stoppages in the Health Service from October 4 to October 18 starting on the eve of the Tory Party conference with a strike on Merseyside. All other TUC unions in the region will be encouraged to take sympathetic action.

● A representative lobby of Health Service workers will march on Parliament on October 19 when it reassembles.

● A national petition in support of the health workers now being organised by the TUC will be presented to the Commons on November 24.

Mr Murray said last night that the unions would take the same position they had on September 22—the national day of action—towards Government employment legislation. It is likely, however, that the new Employment Act which allows employers to take action against union funds for sympathetic action will be on the statute book by early November.

Mr Murray said that the Health Service's committee was willing to enter into "serious negotiations" with the Secretary of State on the basis of an improved offer.

He said: "All the Health Service unions expressed their determination tonight to press on with the campaign for fairness for the Health Service workers and in defence of the Health Services itself."

An immediate casualty of the increased pressure on the Government is a trip by a delegation of TUC leaders to Hong Kong and China due to start on Monday.

The TUC is asking the Chinese Government to defer the trip. Union leaders were keen to avoid the charge of being absent in the Far East during the campaign, an accusation they levelled at the Prime Minister during her trip.

Regional stoppages already agreed are: October 4, Merseyside; October 5, northern region; October 6, Yorkshire; October 7, Northern Ireland; October 8, south-western; October 11, Wales; October 12, north-west; October 13, Midlands; and October 15, West Midlands.

Stoppages in Scotland, East Anglia and the south have yet to be fixed.

Mr Murray would not comment on further "solidarity days" in sectors other than transport—though it is known that stoppages by water, gas and electricity workers have been mooted.

Targets for action, Page 10

Massey agrees rescue plan

BY NICHOLAS HIRST IN TORONTO AND PETER BRUCE IN LON DON

MASSEY - FERGUSON, the hard-pressed Canadian agricultural machinery manufacturer, has reached agreement with its principal banks on a new rescue plan which involves transferring tractor production from Detroit to the UK, France and Italy.

The company said the plan would save it U.S.$600m (£354m) over the next few years, largely due to the ending of interest payments on some of its debt.

Under the agreement, the banks will forgive interest or principal repayments on more than 40 per cent of their outstanding loans of $900m. Massey's total debt stands at $1.27bn. The company said certain lenders would convert their loans into Massey shares and security on company assets would be given to other "senior debts."

A substantial number of common preferred shares and warrants would be issued but the company gave no details. Massey hopes formal agreement on the restructuring—the second in 14 months—will be reached by November 30.

Lead banks to Massey-Ferguson are Continental Illinois in the U.S., Barclays in the UK and the Canadian Imperial Bank of Commerce. A total of about 200 banks have loans outstanding to the company. Yesterday's agreement is thought to cover about 50 of them.

The shifting of tractor production away from Detroit is not expected greatly to influence output at the Coventry plant. Massey said in Britain that an extra 3,500 tractors would,

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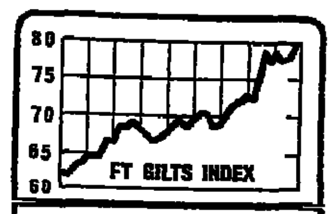

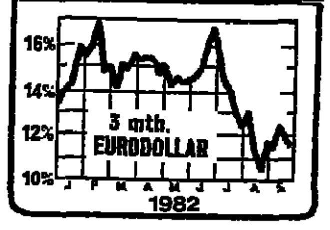

Bankers Trust cuts its prime

By William Hall

THE Bank of England cut its money market intervention rates for the second day running yesterday, and Bankers Trust became the first major U.S. bank to cut its prime rate by half a percentage point to 13 per cent, fuelling expectations that interest rates on both sides of the Atlantic might fall further shortly.

The prospect of single-figure interest rates before the year end continued to inspire the UK gilt-edged market. Prices of some long-dated stocks rose by more than a point and the FT Government Securities index rose by 0.61 to its highest level for nearly 10 years.

Share prices also moved higher in the UK and the FT Actuaries All-share index rose 0.9 to a new peak of 364.37. The FT Industrial Ordinary share index rose 7.1 to 587.6—less than 10 points below its all-time high.

In the foreign exchange markets, the U.S. dollar shrugged off news of the record U.S. trade deficit in August and continued to surge ahead, to the puzzlement of many dealers.

It rose from Y269.075 to Y269.75—its highest level for five years against the Japanese currency—and sterling fell 30 points to $1.6945, its lowest level since late 1976.

The U.S. currency moved to new highs against the French franc (FFr 7.17) and the Italian lira (L1427½). Dealers said there was demand for the U.S. currency for end-of-month book-keeping reasons. They added

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£ in New York

	Sept. 27	Previous
Spot	$1.7000-7020	$1.7105-7135
1 month	0.09-0.11 pm	0.03-0.07 pm
3 months	0.40-0.45 pm	0.42-0.45 pm
12 months	3.10-3.25 pm	3.15-3.25 pm

Kohl likely to become West German leader

BY JONATHAN CARR IN BONN

DR HELMUT KOHL, the West German conservative opposition leader, seems likely to succeed Herr Helmut Schmidt as Chancellor through a no-confidence vote in Parliament on Friday.

This emerged last night after the decision of the centrist Free Democrat Party (FDP) to support Dr Kohl's parliamentary forces against Herr Schmidt's Social Democratic Party (SDP).

After eight hours of intensive argument, FDP parliamentarians agreed that the no-confidence vote should take place—with 34 in favour, 18 against and two abstaining.

Dr Kohl, who confirmed last night he would go ahead with the no-confidence motion, needs support from at least 23 FDP members, in addition to 225 votes from his own Christian Democratic Party (CDU) and its Bavarian ally in Parliament, the Christian Social Union (CSU).

The motion is expected to be tabled today.

However, Dr Kohl is still not home and dry. The FDP is deeply demoralised after recent local election defeats and many in the CSU are against the prospect of working with the Free Democrat's party in a coalition government of the Right and Centre.

Further, only once before in West Germany has there been a "constructive vote of no confidence," by which one Chancellor can be voted out and another voted in. That motion failed narrowly almost 10 years ago and ended the hopes of Dr Rainer Barzel, the CDU leader, who had brought the motion.

The inner turmoil of the FDP was best revealed yesterday, not by the vote of its parliamentarians but by the results of the discussions of the party's national executive committee. Opponents of the new course set by Herr Hans Dietrich Genscher—the FDP leader, who with the other ministers in the party, quit coalition with the Social Democrats on September 17—fought to postpone the no-confidence vote.

They put forward a motion that such a vote be held only after a special FDP congress had considered the party's future. Their motion was rejected by 18 votes to 17.

In a second motion to call on the committee to approve the results of the coalition talks, which the FDP leadership had held with the right-wing parties, the vote was 19 in favour and 16 against.

Brandt moves towards the Greens, Page 3

Bonn centre-right parties detail 1983 budget aims

THE centre-right parties bidding to take power in West Germany on Friday aim to boost industrial investment and to create more jobs through a programme which includes higher value added tax, reduced social benefits and heavy government borrowing.

A plan for the 1983 budget released in Bonn yesterday includes tax and other benefits for industry, above all to help the sorely-tried building sector.

The details were released by Dr Gerhard Stoltenberg, who is likely to be Christian Democrat (CDU) finance minister in a new government. They came after talks between the three partners, the CDU, the Bavarian Christian Social Union (CSU), and the liberal Free Democrat Party (FDP).

In spite of the proposed higher credit intake and tax increases the CDU-CSU-FDP grouping maintains that its plans will achieve savings of at least DM 13bn (£3bn) in the 1983 budget. The new proposals include:

● VAT to rise 1 percentage point to 14 per cent from next July. All the extra DM 2.2bn revenue would go to cut the tax burden of medium-sized enterprises.

● Higher-income earners (those receiving annually more than DM 50,000 for a single person or DM 100,000 for a married couple) to make an interest-free loan to the government equivalent to 5 per cent of their tax burden. The proceeds, which would be paid back before 1990, mainly would promote social housing schemes.

● Further tax allowances for people building their own homes.

● Aid for those planning to establish companies, and tax benefits for those prepared to take over other companies threatened with insolvency.

Among social measures one step is notable for its absence. There would be no cut in the level of unemployment pay, which was a controversial idea floated recently by Count Otto Lambsdorff, the former FDP economics minister.

It is envisaged, however, that:

● Patients would have to pay higher contributions towards the cost of a hospital stay.

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Lex, Back Page

David Buchan and Aleksandar Lebl assess Belgrade's foreign debt

Yugoslavia pursues elusive credit

YUGOSLAVIA is now pursuing a fresh avenue in its struggle to keep servicing a $18bn (£10.5bn) foreign debt: this week it asked Western central banks for a $500m credit.

Saddled with stagnant industrial output and a disappointingly small rise in export earnings so far this year, Yugoslavia has found Western commercial banks still very sticky in lending new money to an East European country. Only after negotiating all summer is Yugoslavia near to signing a $200m credit with U.S. and Japanese banks. Another traditional source of external finance—export credits from Western governments—has diminished as the Belgrade government has sought to cut imports of Western goods to a bare minimum.

Yugoslavia may be encouraged by the treatment given Hungary, which has just got another $300m, short term, out of the central banks. But the central bankers may take a more baleful view of the Yugoslav request, despite the fact that the U.S., for foreign policy reasons, is likely to be more accommodating for Yugoslavia than it was for Hungary. It is not that the bankers are disinclined to lend for three years—as Yugoslavia has asked—but that they may be influenced by the public warnings from top politicians in Belgrade that Yugoslavia is not yet doing enough to help itself out of its current economic crisis.

These warnings dominated last week's meeting of the Communist Party central committee. Mr Mitja Ribicic, president of the League of Communists, told central committee members that "politicking and nationalism" between the federation's six republics and two provinces threatened to sabotage the country's recovery programme, sponsored by the International Monetary Fund.

Prime Minister Milka Planinc: austerity programme by consensus.

Under Mr Ribicic's flaying criticism, the central committee agreed that the republics needed to do far more to sink their differences, cut cherished local investment projects, keep wage-push inflation down, and give top priority to repaying foreign debts.

Responsibility for foreign debts is frequently blurred under Yugoslavia's decentralisation, which devolves many powers onto republics, and its theory of self-management which regards enterprises as nationalised and at the same time the property of groups of individual workers. Hard economic times have made everyone keener to pass responsibility on to someone else.

Two recent embarrassing examples of this are:

● Privredna Banka of Zagreb, one of the country's largest banks, is still behind on its foreign payment obligations, though by the end of August it had paid off two thirds of the $1.3bn in outstanding debt and interest due this year. This bank was partially bailed out by the National Bank earlier this year, in belated acknowledgement that, as banker to INA, the largest Yugoslav oil company, Privredna Banka had bitten off more than it could deal with and deserved national help. But Privredna Banka's remaining arrears to Western banks are one of the reasons for delay on the U.S. and Japanese loan.

● JAT, the largest Yugoslav airline, was nearly grounded earlier this month because it slipped behind in paying its fuel bill to Shell. In the event, it was bailed out in time by a Belgrade bank. But its problems may have only been postponed because the Government and the Republic of Serbia argue they have no special responsibility towards the airline.

Yugoslavs have shown this year that they can put regional differences behind them. In May, a temporary law was passed which required the national pooling of all foreign exchange. The move was resisted initially by the richer republics, such as Slovenia, which did not want the fruits of their exports to subsidise the less successful regions of the country.

But further efforts to re-introduce more central management have foundered, even inside the Communist Party, which has regarded itself as the only national institution besides the army.

One reformer, Mr Rade Koncar, resigned earlier this month from the Belgrade party committee after he failed to win any agreement for re-organisation plan for the Communist Party along sectoral lines, instead of by individual republic. Mr Koncar argues that the Party would be far less parochial if it were nationally organised by separate industry, such as in steel or petro-chemical, and more effective in putting through the Government's austerity programme.

In these circumstances, Yugoslavia's new head of government, Mrs Milka Planinc, who took over in May as Prime Minister, has had to try to push her austerity programme through by consensus. However, export-led growth, the key to the programme, has been feeble. Exports rose 5 per cent in the first eight months of this year to $6.37bn, but an 11 per cent cut in imports over the same period has helped bring industrial output to a near standstill.

Industrial production was only 0.7 per cent higher in January-August this year, over the level in the same period of 1981. The hard currency trade deficit amounted to $1.89bn by the end of August, a creditable performance by past standards but still worrying in view the debt service burden.

Mitterrand sets aside sarcasm and returns to visionary style

BY DAVID WHITE IN PARIS

FACED WITH negative opinion polls, violent verbal attacks from the Right and grumbling from the trade unions, President Francois Mitterrand has made a clear and deliberate return to the visionary style of his presidential campaign of 18 months ago.

A 45-minute speech on Monday, made during a tour of the largely Socialist-supporting *Pyrenees region*, was billed by the Presidency as a major statement in response to critics. But it was remarkable more for its manner than for its content.

One facet of the old Mitterrand that the President resisted reviving was his gift for savage sarcasm. He declined to pick up the gauntlet thrown down last week by M Michel Poniatowski, honorary chairman of the Republican Party, close friend of ex-President Giscard d'Estaing and former Interior Minister, who called M Mitterrand a "super-chariot"—a "Big Charlie."

M Mitterrand brushed aside the taunt. "I attach little importance, ladies and gentlemen, to the excesses of language of a certain number of demagogues." M Poniatowski's attack has, meanwhile, been disowned by other opposition politicians, including M Giscard.

The President also brushed aside declarations made by Gaullist leaders at a recent meeting, when they questioned the Government's "legitamacy" and raised the idea of holding fresh parliamentary elections before they fall due in 1986.

Francois Mitterrand

"Count on me to stand fast," M Mitterrand exhorted his listeners at Figeac, in the Lo[t] region.

An opinion poll carried out recently by the IFOP organisation shows more people declaring themselves "dissatisfied" with M Mitterrand than "satisfied" — the first time this has happened since he was elected.

Although M Mitterrand has gained respect for France's stance over the Lebanon crisis this has evidently failed to compensate for economic and other domestic worries.

The President has clearly concluded that it is not enough to explain the circumstances of the current austerity programme and that another language is needed to revive the drained spirits of the Left.

His speech contained few figures, except for a target of bringing inflation down to 6 per cent or below after 1983.

Short-term industry outlook is gloomy

BY OUR PARIS CORRESPONDENT

FRANCE'S short-term industrial outlook is becoming progressively gloomier as a result of a weakening in demand from abroad in many sectors, according to the latest business survey by the official statistics body, Insee.

Activity, after holding steady overall in the first half of the year, flagged in the third quarter and is expected by industrialists to slow further by the end of the year, including in consumer goods, which have so far fared relatively well.

The recent drop has been particularly marked in the motor industry, although manufacturers are counting on braking the decline in the next few months.

The downward trend in output has meanwhile spread to sectors such as household electrical goods, which were improving until recently.

Aircraft factories and shipyards have continued to build up production, but industrial goods have been slowing down and stock levels remain high.

The outlook for intermediate goods—especially steel, other metals and building materials—remains poor. The main exception is glass, which is expected to pursue its recent recovery.

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Bid to speed energy investment in EEC

BY JOHN WYLES IN BRUSSELS

THE European Commission is attempting to speed the rate of energy investment in EEC member states with a proposal for Community financial aid capable of supporting investments totalling £660m over five years.

The plan breaks new ground by seeking to provide interest rebates for four specific kinds of energy investment which the Commission judges is currently stifled by financial and administrative obstacles.

The areas said to need investment incentives are:

● district heating systems using industrial waste heat, solid fuels and waste material;
● the conversion of industrial fuel oil-fired plant to the use of coal;
● coal preparation plants for users other than power stations and coking plants;
● energy production from urban, agricultural and industrial waste and from agricultural by-products.

According to the Commission, developments in these areas are needed to bring about the permanent reduction of the EEC's dependence on oil. Some member states are already providing support but investments continue to be held back by uncertainties about the future trend in energy prices, long pay-back periods, equipment costs and high and unstable interest rates.

The Commission wants the EEC budget to meet the cost of an interest rebate of three percentage points over 10 years for district heating projects and over five years for the other investment categories.

The investment loans may in some cases be provided by national governments, the European Investment Bank or through existing Community instruments.

The proposal seeks the allocation of 12m European currency units (ECU) in the scheme's first year of operation and then 35m ECU a year until 1987. This would be enough to fund rebate facilities for loans totalling 1.2bn ECU (£660m), say the Commission.

Prospects improve for centre-right Dutch Government

BY WALTER ELLIS IN AMSTERDAM

PROSPECTS for a new, centre-right Dutch Government improved yesterday with the publication of coalition proposals by Mr Jos van Kemenade, the official Labour Party informateur.

The reasoning behind this apparent paradox is simple: Mr van Kemenade has spent nearly three weeks, since the general election, working on plans for a centre-left administration. Economic differences aside, however, Labour's proposals have foundered on the refusal by the other major parties to accept its stand on nuclear weapons.

Mr van Kemenade, in a bid to postpone this matter further while permitting a centre-left coalition to tackle the deteriorating national economy, suggested yesterday that a new administration should defer any decision to accept U.S. Cruise missiles in the Netherlands, while reserving the right to reject them.

The ex-Education Minister added that, if the missiles issue became disruptive, elections should be held as a direct test of public opinion.

With yesterday's publication of his ideas, Mr van Kemenade's mission now appears to have reached an impasse. Neither the Christian Democrats nor the Liberals are prepared to endorse his solution to a pressing Nato problem and, unless Queen Beatrix appoints a new Socialist informateur, theway must be clear for substantive talks between the two centre-right factions.

The Liberals had already abandoned talks with Labour, and yesterday Mr Ruud Lubbers, the Christian Democrats chief negotiator, confirmed that the van Kemenade plan for nuclear weapons was unacceptable to his party.

The two centre-right parties could be expected to resolve their internal disputes within days and a new cabinet is considered to be at least possible by the end of October or early November.

Only if a new Socialist informateur is appointed or if the Liberals—who won 10 extra seats in the election—choose to press their own hard-line economic strategy on their allies, might the formation take longer.

'Fresh unions' for Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have again said that they intend to begin organising fresh unions at factory level.

Mr Zbigniew Bujak, the Warsaw underground Solidarity leader, has said in an interview that Solidarity activists should join any union which might be set up.

Yesterday the government newspaper Rzeczpospolita said: "We consider that trade unionists should start building new unions and a new structure which in the first stage would be based on the work place alone."

The growing number of similar comments would suggest that the authorities have already decided on this policy, which risks fierce street demonstrations by Solidarity supporters.

Polish churchmen, however, were told last Friday at an official church-state meeting that, as yet, no decisions have been taken on the trade union issue.

Albanians 'crush rebel invasion'

VIENNA — Albanian army and security forces "totally liquidated" a heavily-armed gang of "runaway Albanian criminals" who landed on the country's coast, the Albanian news agency Ata reported.

The action took place on Saturday night and Sunday morning, according to a communique from the Albanian Ministry of Internal Affairs carried by Ata.

The gang was led by "the bandit Xhevdet Mustafa," the communique said.

Authorities seized "a considerable number of automatic rifles and pistols complete with spy glasses and other equipment," it added.

The communique did not say exactly where the landing took place, but noted that the intruders carried a radio transmitter, U.S. dollars, Italian lira and Albanian lek sas well as "necessary means for painting one's face, different clothing, etc."

The communique gave no word of casualties to Albanian forces, nor did it say how many invaders there were.

The band landed on the night of September 25, the communique went on.

"At six hours in the morning, they were disclosed and within five hours, were "totally liquidated by the security forces of the Ministry of Internal Affairs, units of the People's Army and the people of the area where the criminals landed."

Th Ministry gave no explanation of Xhevdet Mustafa's identity, and Albanian experts in Western Europe said they had never heard of him.

The wording of the communique suggested that the invaders were Albanian expatriates.

AP

SPD CHAIRMAN STATES HOSTILITY TO NUCLEAR MISSILES

Brandt makes move towards the Greens

BY JAMES BUCHAN IN BONN

HERR WILLY BRANDT, chairman of West Germany's Social Democrat Party (SPD), yesterday made a clear move in the direction of the Greens, the environmental and disarmament party, by stating his deep hostility to the stationing of new U.S. nuclear missiles in West Germany.

Although Herr Brandt did not take specific issue with Nato's "arm and negotiate" strategy on which Chancellor Helmut Schmidt has pinned his future, his remarks were a pointed gesture to the growing army of Greens, who reject new Nato missiles.

"A chancellor has the duty to make re-armament unnecessary if at all possible" Herr Brandt said in a newspaper interview. "We don't want the missiles here if they can be avoided and that is what I'd say in a general election."

In December 1979, the alliance offered negotiations on intermediate range nuclear missiles to the Soviet Union but warned it would deploy U.S. Cruise and Pershing-2 weapons from the end of next year if the talks proved fruitless.

Herr Schmidt has always emphasised the negotiation element in Nato's double strategy and threatened to resign at the last SPD party congress in April if his party rejected it.

The SPD's grudging support for the Chancellor then has been badly undermined by the growing strength of the peace movement and of the Greens as a party.

At the Hesse state election on Sunday, the Greens emerged as third strongest party behind evenly matched SPD and Christian Democrats (CDU).

They are now represented in six state assemblies, including Hamburg, where they have effectively prevented an SPD minority administration from governing, and they might well hold the balance of power at a general election whether this autumn, as Herr Schmidt wants, or next spring, as the CDU will demand, if it manages to unseat him.

Since the Hesse election, Herr Brandt has made overtures to the Green voters not only over disarmament but also over the protection of the environment and women's rights, which the Greens also champion.

But the wooing of these critical votes over to the SPD at a general election could scarcely succeed while Herr Schmidt and the party centre maintain their position on nuclear missiles.

Ironically, the Greens are also anxious about a general election since their first wave of suitable candidates are already deployed in the state parliaments and they fear that co-operation with the SPD would entail compromises fatal to their grass-roots support.

Herr Willy Brandt

East and West Germany in environmental agreement

BY LESLIE COLITT IN BERLIN

Erich Honecker

EAST and West Germany have concluded their first major environmental agreement—to purify rivers and lakes in Berlin—amid signs that further accords between the two German states may follow.

Herr Hans Otto Braeutigam, West Germany's permanent representative in East Berlin, said it was a "coincidence" that the agreement was reached during the Government crisis in Bonn.

His remarks came in reply to suggestions that the agreement, following two years of negotiations, was a demonstration of East German support for Chancellor Helmut Schmidt and his Ostpolitik.

West Germany is to pay East Germany DM 68m (£16.2m) to build additional water treatment facilities in three of its sewerage purification plants outside Berlin.

> Accord was made possible by last December's meeting between Chancellor Schmidt and Herr Erich Honecker

This is to prevent the build up of phosphates in the Spree river which flows through East and West Berlin as well as in the Havel river and its lakes in West Berlin, which are the source of the city's water.

The accord was hailed by Herr Egon Franke, the West German Minister of Inner German Relations, who said it was made possible by the summit meeting last December between Chancellor Schmidt and Herr Erich Honecker, East Germany's leader.

He said there was now hope that agreement could also be achieved in the negotiations between the two sides to eliminate the pollution of the Werra river.

The Werra, running from East to West Germany, is heavily salinated by wastes from East German potash plants.

Herr Braeutigam said that, at first, East Germany did not want West Germany to participate in the water purification scheme.

East Germany does not regard West Berlin as being part of West Germany. This deadlock was broken yesterday by an exchange of letters between West Berlin and East Germany and a confirmation from Bonn to East Germany of the West German financial contribution.

Helmut Schmidt

Legal reforms urged in Greece

ATHENS—Greek Lawyers have called for an independent judiciary and for a clean-up of the legal establishment.

At the end of a weekend meeting, representatives of Greece's 15,000 lawyers appealed for the constitution to be modified so that high-ranking judicial officials are no longer selected by the government.

"The present lack of independence in the judiciary favours creation of unhealthy situations in our legal affairs," the co-ordinating committee of Greek Lawyers' Associations said.

Earlier this year, three mebers of the Arelos Pagos, Greece's supreme court, resigned after they were passed over for the presidency in favour of a less senior colleague.—AP

Fraser appeal for retrospective tax law

By Michael Thompson-Noel in Sydney

AUSTRALIA'S embattled Prime Minister, Mr Malcolm Fraser, made a televised address to the nation last night explaining his decision to push for retrospective legislation to punish tax cheats.

The proposed legislation, the result of a Royal Commission report five weeks ago on tax avoidance which precipitated the worst crisis of Mr Fraser's career, is opposed by four state Liberal Party branches, as well as by a dozen Government MPs.

The greatest opposition to Mr Fraser's plan to recoup payments lost through "bottom of the harbour" tax avoidance schemes comes from Liberal Party members in New South Wales, Queensland, Western Australia and South Australia.

Last night Mr Fraser quoted British precedents to support his cause, saying that on two occasions, in 1936 and 1978, the British Parliament had endorsed retrospective legislation to combat tax avoidance.

The Government, said Mr Fraser, had to make a difficult choice between opposing the principle of retrospective legislation, and "maintaining its support for the principle of governing fairly for all Australians."

The Federal Treasurer, Mr John Howard, has said the planned legislation would apply to an estimated 4,300 companies. It is estimated that more than A$450m (£252m) in lost revenues could be recouped.

The Labor Party opposition was scornful last night of Mr Fraser's approach. The acting Shadow Treasurer, Mr John Dawkins said: "Billions of dollars have been lost in recent years. However, the Government proposes to attempt to recover only a minute portion

Israeli troops leave Beirut port

BY PATRICK COCKBURN IN BEIRUT

ISRAEL yesterday pulled its troops out of Beirut port, opening the way for the deployment of 1,200 U.S. Marines today, but the status of Israeli soldiers still holding positions at the airport remains unclear.

The Americans have refused to allow their troops to enter West Beirut until the Israelis withdraw, though the French and Italian contingents in the three-nation multinational force had agreed to deploy their men after prompting from the Lebanese Government, headed by President Amin Gemayel.

The pullback of 100 men and seven armoured vehicles from the port area was confirmed by Lt Gen Rafael Eitan, the Israeli Chief of Staff, speaking on Israel Radio yesterday. He added, however, that some of his forces would stay at Beirut international airport with the agreement of the Lebanese Government.

"The airport is necessary to help us in our deployment," Gen Eitan said. He also claimed talks would be held with President Gemayel's Government on the question of keeping an Israeli air traffic controller at the airport.

As soon as the 3,000 strong multinational force is in West Beirut, the U.S. is believed to be eager to get the Israelis to pull back from their positions immediately surrounding the Lebanese capital.

A prime aim of the multinational force is to protect the Palestinians in the refugee camps, several hundred of whom were massacred by Christian militia 10 days ago. But the Lebanese army in the mainly Moslem west of the capital is arresting Palestinians and others with inadequate identification papers. The daily An Nahar newspaper says that the Government plans to move the Palestinian refugee camps away from urban areas.

Meanwhile, the most senior Palestine Liberation Organisation (PLO) military commander has been killed in an ambush in the Bekaa valley in eastern Lebanon. Brigadier Saad Sayel was the senior military adviser to PLO chairman Mr Yassir Arafat, and is believed to have organised the defence of West Beirut when it was besieged by the Israelis.

The identity of Brigadier Sayel's attackers is not known, though the PLO has blamed the ambush on the Israelis. He was apparently killed by some 30 men armed with machine guns and rocket propelled grenades while he was on an inspection tour of Palestinian positions.

A special investigation committee headed by the Lebanese military prosecutor has started an inquiry into details of the massacre of Palestinians at Sabra and Chatila camps.

● Italian soldier on guard at Chatila refugee camp. A woman protects her face from dust raised by the search for massacre victims

Subtle peacemaking by Jordan relies on PLO response

BY ANTHONY DERMOTT IN AMMAN

"THE ARABS think the ball is in the American court, but the fact is that if there is to be movement towards peace in the Middle East, the initiative has to come from the Arabs." This view, predictably from a diplomat, affects the Jordanians and the Palestinians more than any other Arabs in the area.

Jordan, like other Arab states, is confronted by many plans for peace in the Middle East. This year's Arab summit at Fez produced one basis for negotiations, with a plan which implied recognition of Israel. However, the summit did not give King Hussein an Arab mandate, as such, to negotiate with Israel.

Most importantly there has been President Ronald Reagan's Middle East peace initiative, which ostensibly ruled out an independent Palestine by suggesting "close links" between the West Bank and Gaza Strip—occupied by Israel since the 1967 Arab-Israeli war—and Jordan, essentially the East Bank. Most Arab countries, Jordan in particular, regard the U.S. plan, reinforced by the massacres in the Sabra and Shatila Palestinian refugee camps near West Beirut, as representative of a sea change in Washington-Middle East policy. This change, however, has left Jordan's policy full of apparent contradictions.

King Hussein

King Hussein, for example, accepts that he did not receive a pan-Arab mandate at the Fez summit to negotiate with Israel. He talks repeatedly of the Palestine Liberation Organisation (PLO) as being the "sole, legitimate representative of the Palestinian people." At the 1974 Rabat conference, they were also accorded the right to establish an independent national authority on all liberated territory—a ruling by which King Hussein must abide. Yet, last week, he undertook an unexpected initiative by announcing that a federation should be formed between Jordanians and Palestinians. King Hussein added pointedly—in obvious contradiction with the lack of a Arab mandate—that "the Palestinian problem is strictly a Jordanian-Palestinian affair. We will never allow anybody to interfere."

To some extent this approach is more subtle than contradictory, but it is highly dependent on the reaction of the PLO and Mr Yasser Arafat, its chairman.

It was no mere chance that Mr Arafat did not hurry to Amman after King Hussein's announcements last week. He will eventually go there as part of his tour of PLO fighters dis- ing come as close to Sudan, was convenient that Mr Arafat, having come as close to Sudan, was able to cite the Hajj—the pilgrimage to Mecca—as a reason to return to Saudi Arabia. For, in its own way, Saudi Arabia is crucial to the course of the current plethora of peace plans.

Were Mr Arafat and King Hussein able to achieve some sort of agreement on the future of the Palestinians, then they would be able to turn to the rest of the Arabs with the basis of an accord which would be serious enough to merit some sort of Arab decision. King Hussein's plan was, after all, presented "on the basis of commitment to the right of self determination of both the Jordanian and Palestinian people."

The fact remains, that Jordan is under considerable pressure. In spite of the massacre of Palestinian refugees in Beirut, King Hussein does not have all the time in the world to persuade the U.S. public to support his case.

The U.S. Congress still needs to be convinced of the Jordanian cause. Mr Philip Habib, the U.S. special envoy, visited Amman last weekend and will have reported back.

There is a crucial sense of apprehension among Arabs that, subject to political events in Israel, there could be what amounts to the annexation of the West Bank and the Gaza Strip, which would leave any ideas of a federation in tatters.

Finally, Jordan has deep financial problems. Untypically, King Hussein, when announcing his federation plans, complained that certain Arab countries had not met their obligations as set out at the Baghdad Arab summit of November, 1978, the Arab world's reaction to Egypt's Camp David accords with Israel.

In theory, Jordan was to receive $1.25bn (£735m) annually, but whether this was for five or 10 years has become a moot point.

This money was to come from Saudi Arabia, Kuwait, Libya, Iraq, the United Arab Emirates, Algeria, and Qatar. According to diplomats, Jordan has used 60 per cent of it for ordinary budgetary needs and the rest for defence.

Between 1979-81, according to the central bank of Jordan, only $3.4bn was received against pledged amounts of $3.75bn.

King Hussein made it clear in an interview that Libya had completely defaulted. Algeria came through with the money for only one year. Kuwait had indicated it did not want to continue with its payments—like others on the Arabian peninsula. Iraq had continued to pay in spite of the war. The crux would be Saudi Arabia, which would have to be settled in bilateral discussions—and King Hussein was talking of needing some $10bn.

There is a basic contradiction somewhere for the oil-rich Arab states. They are running short of money due to the weak oil market and have made a financial commitment to a country which is ostensibly on the front line of a war with Israel, but is now on the brink of negotiating peace.

Hong Kong still nervous as Thatcher departs

By Robert Cottrell in Hong Kong

MRS Margaret Thatcher left Hong Kong yesterday for London, with the colony little the wiser about the mechanics of how its long term political future is to be resolved.

The doubts remain although she repeated her belief that a solution mutually acceptable to Britain, China and Hong Kong wil be found, and that she shares with Peking leaders a commitment to preserve Hong Kong's "stability and prosperity."

One banker said: "If she had said there were five nuclear submarines off the China coast targeted on Peking, would the stock market have doubled? I don't know." Yesterday saw a fall of 24 points in the Hang Seng index, taking it down to 988.66, a loss of over 100 points in the past two days' trading.

At the close the market had firmed from earlier weakness however. At 11 am, the index stood at just over 965 points. The Hong Kong dollar weakened against the U.S. dollar to record a low of HK$6.23 in early trading, but later picked up slightly to end the day at HK$6.20 to the U.S. unit in Hong Kong, compared with Monday's closing rate of HK$6.19.

Brokers saw a pattern in last week's trading, when the index fluctuated around the 1,100 level, of Chinese selling and European buying. In the last two days, however, buyers have been overwhelmed.

Investors remain nervous about the political question. Mrs Thatcher has taken a firm stand on the validity of the treaties by which Britain acquired its colony in the 19th century, saying that these can only be varied by mutual agreement. Local brokers point out positive aspects of that stand.

China's modernisation, argues Mr Jonathan Compton, director of the fund managers Henderson Baring, means that it will be looking for soft loan finance in future. "You don't give soft loans to people who renege on treaties," he said.

Mr Edward Lamond, a director of stockbrokers W. I. Carr (Overseas), pointed out that if Britain did acknowledge Chinese sovereignty, it will appear to have gained a greater political advantage if Mrs Thatcher does so grudgingly rather than willingly. That might, in turn, cause China to be more accommodating towards a continued British administration.

Yesterday, Mrs Thatcher's main public engagement was the formal opening of the China Light and Power Company's Castle Peak "A" power station, where she was received by China Light and Power chairman Lord Kadoorie. A second power station to be built on the same site, Castle Peak "B," last year yielded one of Britain's largest-ever export orders, for £700m worth of turbine generators from the General Electric Company.

China Light is also planning a $4bn (£2.3bn) nuclear power station in Guangdong province, China, in a joint-venture with the Guangdong Power Company.

Luanda, Peking to exchange envoys

THE ANGOLAN Government is to agree to a Chinese request to establish normal diplomatic relations, Diana Smith reports from Lisbon. Relations were impossible in the first years of Angola's independence from Portugal because of the Angola regime's relationship with the Soviet Union.

Japan 'unable to defend falling yen'

BY ALAN FRIEDMAN IN TOKYO

THE JAPANESE Government says it has "very little room left" to defend the falling yen, which yesterday stood at around Y270 to the U.S. dollar, a five-year low.

Mr Kiichi Watanabe, vice-minister at the Ministry of Finance in charge of international affairs, said yesterday at a Press conference that the Japanese Government "could not change the trend by intervention."

He claimed the sharp weakening of the yen against the dollar—it has fallen from around Y220 to Y270 since the beginning of the year — did not reflect "the reality of the Japanese economy."

"There are voices saying there might be some change in Japan's economic fundamentals. But our economy is still healthy when compared with other industrial countries," he said.

Mr Watanabe, who admitted that the Government had a serious domestic fiscal problem, said he was surprised to see the yen weaken as much as it has. He argued that the rapid depreciation of the Japanese currency should be seen as an appreciation of the U.S. dollar, which is strong against other currencies as well. "The dollar is overvalued," he added.

Mr Watnabe also blamed higher U.S. interest rates, saying the differential between long-term Japanese and U.S. rates was accelerating the outflow of capital from Japan. Around $2bn (£1.2bn) was leaving Japan every month, he explained.

The Ministry of Finance calculates that the Japanse long-term capital account suffered a deficit of $2.28bn last month. Included in this outflow was a $74m transfer abroad by non-residents of Japan, the first time this year a net outflow has been recorded for non-residents; every month until July showed net inflows.

Mr Watanabe also blamed "recent uncertainties in the international financial system" and political conflict in the Middle East for the weakness of the yen against the dollar.

The Vice-Minister ruled out Japanese Government intervention in the foreign exchange markets beyond its normal level of around $700m to $800m a month. The purpose of this intervention, he stressed, was to demonstrate the Government's attitude in favour of a stronger yen and to smooth out volatile fluctuations.

Mr Watanabe and other Japanese Government officials said yesterday that the only effective method for dealing with currency fluctuations would be co-operative action by several countries.

Trade unions threaten strike

MR MITSUO TOMIZUKA, chairman of the Japanese General Council of Trade Unions (Sohyo) yesterday called on affiliated unions and citizen's groups to join a nationwide general strike to protest against the Government's decision to freeze all pay rises for Government workers, AP-DJ reports from Tokyo.

East Daggafontein Mines, Limited

Interim report

30 June 1982

	Six months ended 30 June 1982 R000	Six months ended 30 June 1981 R000	Year ended 31 December 1981 R000
Revenue			
Royalties	87	529	959
Sundry revenue	8	44	50
	95	573	1 009
Expenditure			
Costs	296	114	216
Profit (loss) before taxation	(201)	459	793
Taxation – estimated	—	254	429
Profit (loss) after taxation	(201)	205	364

Bonanza Gold Mine (Proprietary) Limited ("Bonanza")

In May 1982 the company subscribed for a further 115 000 shares of R1 each at par in Bonanza, referred to in the previous interim report at 31 March 1982. Southern Prospecting (Proprietary) Limited exercised its option to acquire from East Daggafontein the 20 294 shares in Bonanza, also referred to in that report.

Additional capital requirements

A circular will be sent to shareholders shortly giving details of proposals to increase the authorised capital of the company and to have a rights issue, together with details of the agreements entered into, subject to members' approval, with Egoli Consolidated Mines Limited, Southern Prospecting (Proprietary) Limited and Transvaal Gold Recovery Corporation Limited, as advertised in the press on 7 July 1982.

On behalf of the board

A. H. Lundin – *Chairman* | *Directors*
E. W. Bazinet

16th Floor
Standard Bank House
20 Albert Street
Johannesburg
2001

29 September 1982

A 685

In 1928 Mercedes-Benz spotted a trend.

Illustrated: The 1928 'Nürberg 8' Eight-cylinder in-line engine, 80 hp.

In 1981 Mercedes-Benz introduced the 'Energy Concept,' but it was an idea originated by Mercedes-Benz engineers more than fifty years ago.

In the late 20's and early 30's the world first saw unusually large rises in the price of petrol. Spotting this trend in 1928, Mercedes-Benz decided to do something unusual for that day and age-design cars with a regard for fuel consumption.

In 1931 they introduced what could be regarded as the first expression of the 'Energy Concept': The Mercedes-Benz 170. It was not only one of the world's first cars with swing-axles, it also had an overdrive to lower engine speed by 30% and fuel consumption by 20%.

1936. The Diesel arrives.

In 1936, despite other manufacturers' overwhelming preoccupation with petrol engines, Mercedes-Benz introduced the world's first production car with a Diesel engine–the 260D.

It was less greedy and likely to last longer than petrol-engined cars of the day. It became the foundation of the Mercedes-Benz reputation as the pre-eminent builder of Diesel cars. And in the mid-fifties Mercedes-Benz developed and introduced petrol injection in the 300SL. The result: increased performance without a significant increase in consumption.

1979. Amazing aerodynamics.

The new S-Class range, unveiled at the Frankfurt Motor Show in 1979, possessed aerodynamic characteristics never before obtained in that size of car. This was just one of the reasons why the fuel consumption figures were amazingly low.

It also had redesigned, light-alloy V-8 engines that increased performance while actually lowering fuel consumption significantly.

The 'Energy Concept' took another giant leap forward. Petrol kept going up in price.

1980. Higher performance on less fuel.

This was the year Mercedes-Benz introduced the new four-cylinder engines for the 2 and 2.3 litre series.

These short stroke engines, with cross-flow cylinder heads, attain their maximum torque at low engine speeds. In other words, they can be driven in high gear at low speeds with less engine stress.

Engine noise was reduced and, because fewer gear changes were required, there was less stress on the driver too.

And all the while, petrol was becoming even more expensive.

The Mercedes-Benz 'Energy Concept' today.

The challenge of the Eighties, for all car manufacturers, is to build vehicles that are even more fuel efficient.

The challenge for Mercedes-Benz is to make quality cars that are not only fuel efficient but also offer the high degree of safety and comfort that people have come to expect from the marque.

This challenge has been met. As you can see from this chart of fuel consumption figures, their frugality is impressive. However the character and integrity of the cars is still uncompromisingly Mercedes-Benz.

Official Fuel Consumption Figures.	Imperial mpg–Metric L/100km					
	Urban		56mph/90km/h		75mph/120km/h	
	IMP.	METRIC	IMP.	METRIC	IMP.	METRIC
200 Saloon	22.6	12.5	36.2	7.8	28.6	9.9
200T Estate	22.5	12.6	35.2	8.0	27.5	10.3
230E Saloon	22.2	12.7	36.9	7.7	29.5	9.6
230CE Coupé	21.6	13.1	36.9	7.7	29.5	9.6
230TE Estate	21.6	13.1	36.9	7.7	29.5	9.6
280E Saloon	19.1	14.8	28.7	9.8	23.4	12.1
280CE Coupé	19.1	14.8	28.7	9.8	23.4	12.1
280TE Estate	19.1	14.8	28.7	9.8	23.4	12.1
280SL Roadster/Coupé	19.1	14.8	29.0	9.8	23.5	12.0
380SL Roadster/Coupé	19.9	14.2	30.7	9.2	25.0	11.3
500SL Roadster/Coupé	18.2	15.6	30.2	9.4	24.6	11.3
280SE Saloon	19.8	14.3	29.6	9.5	24.3	11.6
380SE Saloon	20.3	13.9	32.6	8.7	26.2	10.8
380SEL Saloon	19.9	14.2	32.6	8.7	26.2	10.8
380SEC Coupé	20.3	13.9	32.6	8.7	26.2	10.8
500SE Saloon	18.6	15.2	31.0	9.1	24.8	11.4
500SEL Saloon	18.6	15.2	31.0	9.1	24.8	11.4
500SEC Coupé	18.6	15.2	31.0	9.1	24.8	11.4

Nowhere is the 'Energy Concept' better expressed than in the current S-Class.

This car requires less energy to build, advanced alloys make its V-8 engines more frugal yet more powerful. Its famous aerodynamics not only aid fuel economy but also road holding and stability.

Through the innovative use of special steels and aerospace plastics and alloys, the S-Class is not only lighter, but stronger and safer. It has more seating room, improved visibility and a remarkably quiet ride.

In 1982 many manufacturers have an 'Energy Concept.' The Mercedes-Benz 'Energy Concept' has been around for more than 50 years.

Engineered like no other car in the world.

AMERICAN NEWS

Sarita Kendall assesses Bogota's new programme of hard work and austerity

Colombia embraces a people's president

LAST MONTH Sr Belisario Betancur, the Conservative party leader, was sworn in as Colombia's 77th president, thereby ending eight years of Liberal governments. One of the new President's first actions was to put 11 palace cars up for auction; in future, any new government vehicles will be Colombian made, not imported.

With this action, and with the well-publicised delivery of his income tax return to the Attorney General, President Betancur dramatised the austerity and anti-corruption elements of his programme. Some immediately condemned these as empty populist gestures, but President Betancur is buoyed up by an extraordinary amount of goodwill—so much so that it could prove to be his downfall when the harsh realities of a huge fiscal deficit and balance of payments problems bite into spending plans.

Widespread relief at the end of Liberal party rule means Sr Betancur has drawn far greater national support—illustrated by the political breadth of his first appointments—than his minority Conservative party could muster on its own. His electoral victory injected vitality into an ailing democracy of 27m people where repression, abstention, financial scandals and organised crime had deepened disillusionment.

The 59-year-old President's popularity is reflected in the fact that everyone claims to know him personally, often as the result of drinking a cup of coffee together in some remote Colombian village.

Sr Belisario Betancur worked his way through school and university to become a lawyer and journalist. As congressman, senator and Minister of Labour he strengthened his position in the Conservative party, but never built up the electoral machinery that normally buys the presidency. Indeed his election was something of a feat in a country traditionally ruled by blind party loyalty and regional bosses with a jealous hold on the ballot boxes.

Sr Betancur committed himself to hard work, austerity and simplicity at the August 7 inauguration, and stressed progress with equality. Disdaining the usual morning dress and champagne, he made a rousing speech immediately after being sworn in and pleaded for peace: "To the people of Colombia, I raise the white flag of peace—I raise it to the oppressed, the persecuted and those bearing arms."

Sr Betancur . . . his victory injected vitality into an ailing democracy

At the ceremony confirming him as head of the armed forces, Sr Betancur promised far-reaching programmes in guerrilla-dominated regions, with roads, credit, seeds and schools to counter the effects of isolation and poverty. Gen Fernando Landazabal, the new Minister of Defence, who has written extensively on the subject of subversion and social conflict, backs the President fully in this approach.

Whether it will prove successful with Colombia's many guerrilla groups is another matter. The two strongest, the pro-soviet Revolutionary Armed Forces of Colombia and the April 19 movement (M-19), have said they want to talk about an amnesty, and much depends on these negotiations. During the past four years, former President Julio Cesar Turbay's security legislation brought assassinations, disappearances and abuses of human rights, while urban and rural life was disrupted by guerrilla bombings and kidnappings.

Sr Turbay's mammoth public works programme has left the country with a much improved transport network at the expense of a deficit equivalent to about 25 per cent of the national budget. At the same time the first six months of 1982 saw a current account deficit of over U.S.$550m (£323m) with international reserves down by $317m to $5.3bn.

Part of the problem is coffee, for Colombia's exports have dropped from 6.3m bags from January to June 1980 to 4.3m in the same period this year. Other exports are also doing badly, this year's economic growth is unlikely to reach 2 per cent, and the inflation rate is still running at around 25 per cent.

The new President's economic programme has been given an enthusiastic welcome by the private sector. Among the first measures are: higher tax discounts to encourage agricultural and industrial exports, import controls on luxuries and on products competing with local industry, and the reactivation of the construction industry with, among other things, incentives to re-channel savings.

Probably the most popular move of all, however, was the arrest of powerful figures involved in the collapse of the Banco Nacional and the allegations of corruption at the Banco del Estado.

President Betancur has also pledged himself to revolutionise housing and education programmes. Low-income housing without initial deposits, and state university education for all were two pillars of his platform.

In foreign policy, too, change is in the air. It would be difficult to be closer to the United States than Sr Turbay's Administration, and President Betancur's proposal to take Colombia into the non-aligned nations movement speaks of an unexpectedly independent stance.

U.S. eases Argentina arms embargo with parts sales

BY DAVID TONGE IN NEW YORK

THE U.S. has followed Britain's major allies in easing its arms embargo on Argentina, the State Department announced early yesterday. Washington has now lifted the ban it introduced during the Falklands crisis on the sale of spare parts to the Argentine regime.

Military sales to Argentina were banned in 1978 by the Carter Administration in protest at Argentina human rights policies. This ban remains in force. The move announced yesterday refers to spare parts for aircraft and other materials supplied under previously agreed contracts.

Last month, the U.S. quietly lifted two earlier measures it had taken against Argentina following its invasion of the Falklands: a ban on commodity credit, and Exim Bank financing.

Mr George Shultz, the U.S. Secretary of State, and Sr Juan Ramon Aguirre Lanari, the Argentine Foreign Minister, met on Monday in New York.

A British spokesman travelling with Mr Francis Pym, the Foreign Secretary, who is in New York for the opening of the UN General Assembly, expressed mild regret yesterday that Britain's major European allies were also easing their arms bans on Argentina.

West Germany told Britain before the weekend that it would be allowing Hamburg shipbuilders Blohm and Voss to deliver four frigates to Argentina. Following West German pressure, Britain has agreed to supply the last Rolls-Royce turbines for the frigates.

France lifted its arms embargo in early August and Italy and Belgium, smaller suppliers, have made clear to the British that they will be following suit.

Venezuela centralises foreign reserves

By Kim Fuad in Caracas

VENEZUELA is centralising all its international reserves in the central bank in a move to limit the country's vulnerability to capital outflow and to strengthen its short term debt position.

The move was theoretically aimed at nationalising all the assets held abroad by different state enterprises. But the central objective was to draw the state oil industry's offshore funds, amounting to more than $5bn, into the central bank, financial observers said yesterday.

As a result, the state's oil monopoly, Petroleos de Venezuela, will conserve its present funds, albeit in bolivars, but it will no longer receive interest on them, about $700m to $800m per year. This will now go to the central bank.

Capital outflow has reached a level of over $100m per day in recent weeks, draining the central bank's reserves and weakening its ability to maintain the parity of the bolivar.

By drawing on oil industry funds, and also revaluing its gold reserves, the central bank now has about $14bn in international reserves.

Venezuela is particularly vulnerable to international conditions as it has no exchange controls, and its debt position is difficult because of heavy short term obligations.

Sr Luis Ugueto, the Finance Minister, who left on Sunday for negotiations with U.S. and European banks, reported last week that $8.7bn of the country's $18.5bn foreign debt is short term.

While Venezuela may face some difficulties over the next three to four months, in the longer term, the country's economic future appears strong. But the country may find it difficult to negotiate a loan to convert its short term debt because of current market conditions.

"They will have to bite the bullet and pay more," one observer said, predicting that Venezuelan reserves could dip by $3bn to $4bn before the situation stabilises.

Nicaragua and Honduras plan talks on peace

By Tim Coone in Managua

THE Foreign Ministers of Honduras and Nicaragua may meet in the next few days to discuss Honduras's plan for the "regionalisation of peace" in Central America and to reduce border tension between the two countries.

Although a date has yet to be set, the Honduras Embassy in Nicaragua said it may take place early in October. Both Ministers are in New York at present, attending sessions of the United Nations General Assembly.

Nicaragua has been seeking a high-level ministerial meeting for several months. Sr Miguel d'Escoto, Nicaragua's Foreign Minister, said recently that Nicaragua was prepared to take Honduras's six-point plan as a "basis for discussion."

The plan includes proposals for joint military patrols along the border, and possible arms reductions. Military build-ups on either side of the frontier, and incursions across the frontier into Nicaragua by right-wing guerrilla units opposed to the Sandinistas, have stretched relations to breaking point in recent months.

Until now Honduras has held back from entering into discussions with Nicaragua, but, according to the embassy spokesman in Managua, an agenda for a meeting has been agreed.

Guatemala extends state of siege

Guatemala has extended its three-month old state-of-siege law for 30 days because of continuing leftist guerrilla activity, Reuter reports from Guatemala City.

General Efrain Rios Montt, who came to power as head of a three-man junta in a bloodless coup last March, dismissed his partners in June and appointed himself president.

More than 2,000 people, mainly peasants, are estimated by human rights groups to have been killed in political violence so far this year.

Bolivia sets date for handover

Bolivia's military government will hand over power on October 1 to a civilian congress elected in 1980, Foreign Minister Agustin Saavedra Waisse announced yesterday, Reuter reports from La Paz. The Congress would then elect a president, and a new government would officially take office 10 days later, he said.

Most parties represented in the house have said they would approve the nomination of Popular Democratic Union candidate Hernan Siles Zuazo for the presidency. He has been in exile in Peru for the last two years.

Justice Department will consider 30 Penn Square cases

BY PAUL TAYLOR IN NEW YORK

U.S. FEDERAL regulators investigating the collapse of Oklahoma City's Penn Square Bank have referred 30 cases involving a total of more than $70m (£41.5m) to the Justice Department for possible prosecution.

The legal action is revealed in Congressional committee documents. They show a wide range of potential violations, involving unnamed people. The violations include misapplication of bank funds, conspiracy, bank fraud and falsified books and records.

Penn Square Bank crashed in July, sending shock waves through the U.S. financial system and hitting several major U.S. banks which had bought a total of $2.5bn in energy loans from the small shopping-centre bank.

The collapse is being investigated by federal bank regulators, the Federal Bureau of Investigation and several congressional committees.

Earlier investigations by the House bankin committee raised a number of questions about the organisation of the bank and the handling of thecollapse by federal regulators.

These investigations also uncovered a wide range of banking law violations at Penn Square, mostly of a technical nature.

Documents in the current investigation have been provided to the commerce, consumer and monetary affairs committee of the House committee on government operations.

U.S. doubts potential of talks with Moscow

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT, IN NEW YORK

MR GEORGE SHULTZ, the U.S. Secretary of State, yesterday prepared for talks in New York with Mr Andrei Gromyko, the Soviet Foreign Minister, amid growing U.S. doubts about any possibility of doing serious business with the present Soviet leadership.

It was the first meeting arranged between the two and came amid U.S. officials' fears that Moscow is partially paralysed by rivalry over who will succeed President Leonid Brezhnev.

Many U.S. officials believe that a number of other factors could also prevent Moscow from moving on issues such as arms control, Poland, or South Asia.

First, the Soviet Union is seen as reluctant to make any moves which might be interpreted as weakness, particularly when it faces economic difficulties, continuing tension in Poland and a war in Afghanistan. Second, Moscow is believed to fear that any sign of progress in arms control talks might undermine the peace movements in Western Europe.

U.S. officials admit they are afraid of possible violence in West Germany and the Netherlands as deployment of Pershing and cruise missiles, due from late next year, approaches.

The two super-powers are due to start tomorrow in Geneva the next round of talks on limiting intermediate-range nuclear forces. Shortly afterwards, they are to resume strategic arms reduction talks (Start) which began this summer.

Last Thursday, they took up again the nine-year-old talks on reducing conventional forces in Europe, the mutual and balanced force reduction talks, which are held in Vienna.

The U.S. has put forward a series of proposals in these talks but considers the Soviet responses as inadequate or doing little so far to open hopes of progress. Other issues concerning the U.S. in its relations with the Soviet Union include Cambodia, the Middle East and Cuban involvement in South Africa and Central America.

Russian officials have been telling recent U.S. visitors to Moscow of their "restraint" but also expressed concern that this might be taken for weakness.

One view in Washington is that Moscow is today liable to respond to U.S. pressure by asserting its interest in order to disprove U.S. suggestions of Soviet weakness. A second body in the State Department believes that much of the Politburo leadership is still open to negotiating seriously with the Reagan administration if a more "rational" approach emerges in Washington in the Soviet view.

Commitment to simplifying U.S. tax system

By Reginald Dale, U.S. Editor, in Washington

MEMBERS of the U.S. Senate finance committee yesterday generally opposed the idea of a flat rate tax that would apply to all income levels. But the committee said that it would continue to investigate ways of simplifying the U.S. tax system in the coming months.

There is a "growing consensus" that U.S. tax rates should be lowered and the tax base broadened, said Senator Robert Dole, the committee's chairman.

Mr Dole spoke as his committee began hearings into the so-called "flat tax" proposal, which has gained an increasing number of supporters in recent months. Its opponents claim that it would benefit the rich and hurt the poor, but President Ronald Reagan has described the idea as "very tempting." Proposals circulating in Congress would provide for a rate between 14 and 19 per cent.

Alice Rivlin, director of the non-partisan Congressional Budget Office, expressed general approval of the concept. She warned, however, that large budget deficits are likely to persist unless major additional steps are taken to cut spending and increase revenue.

More layoffs at Texas Instruments

By Louise Kehoe in San Francisco

TEXAS INSTRUMENTS in Dallas announced lay-offs of 2,600 employees at the beginning of the week, bringing the total number laid off in the past 18 months to more than 12,000.

The lay-offs at TI, the largest U.S. manufacturer of semiconductor devices, follow job cuts at other U.S. electronics companies, including National Semiconductor, Fairchild Shugart, GCA, Signetics Measurex and Intersil.

The lays-offs indicate that the depressed market for semiconductor devices is not recovering. Industry leaders were hoping for an improvement in business this month, traditionally a busy time for the industry after the summer slowdown.

According to those in the industry, further "bloodletting" is anticipated as chip makers seek to reduce expenses. Further lay-offs in the semiconductor industry, however would raise questions about the ability of the U.S. industry to increase output if recovery occurs.

In 1975, U.S. companies lost out to Japanese competitors who were able to meet increased demand after a phase of recession.

مكتبة الأصل

WORLD TRADE NEWS

EEC textile talks with Third World now 'discontinued'

BY GILES MERRITT IN BRUSSELS

UNCERTAINTY over the future of the 1982-86 Multifibre Arrangement (MFA) governing EEC low-cost textile imports increased yesterday with a statement from the European Commission that it has "discontinued" talks with nine countries that are refusing to accept restrictive EEC terms.

The EEC announcement was coupled with the news that India has now accepted a 1982-1986 bilateral MFA deal governing its textile sales to the Community. India's decision brings to 18 the number of countries that have now accepted the tough new MFA terms.

But there was recognition in Brussels last night that with the ending of the second round of negotiations the European Commission has made substantial progress, yet has, nevertheless, secured bilateral deals that will regulate little more than half the EEC's textile imports from MFA countries.

The Commission is due to report to EEC member governments on October 26, and it is then that its tactics for handling the recalcitrant MFA countries are likely to become clearer.

Hong Kong, which has remained one of the principal militants in its refusal to accept a restrictive new MFA cutting back its European textile exports by some 10 per cent, yesterday indicated it hopes a third round of negotiations may still be held before the end of the year.

Hong Kong is not alone in its determination to hold out for improved terms, for South Korea, Macao, the Philippines, Singapore, Malaysia, Indonesia, Brazil and Argentine have also refused the MFA-bilateral deals offered by the EEC.

The solidarity of these MFA militants — whose representatives met less than a month ago in Geneva to reaffirm their joint refusal to accept a restrictive MFA—has clearly been damaged by India's surprise acceptance of a bilateral deal that included the anti-surge and circumvention provisions it had formerly rejected. Further erosions of the militants' solid front have also been signalled by the concessions to the EEC that both South Korea and Indonesia are considering.

The position is, however, that so far the EEC has gained an MFA that fails to cover the textile exports of the so-called dominant suppliers.

U.S. steel imports stay at high level

WASHINGTON—Imports of steel-mill products remained at a high level in August and represented more than 24 per cent of the apparent domestic supply, the American Iron and Steel Institute said.

The institute said steel shipped by European producers decreased in August from July, but imports from Japan were up, from 359,000 tons in July to 531,000 tons in August.

Total steel shipments by foreign mills amounted to 1.45m tons in August, an increase of 338,000 tons from July.

"This increase, in the face of a 20-year low level of American mill shipments, shows clearly that foreign producers are using the U.S. as a dumping ground—selling steel at unfairly low prices because they cannot sell their surplus production elsewhere in the world." Mr David Roderick, chairman of AISI and of the U.S. Steel Corporation, the largest U.S. steelmaker, claimed.

The domestic steel industry is at present operating at 40 per cent of capacity.

Steel shipped by European producers, the target of numerous trade complaints, slightly decreased in August to 364,000 tons from 395,000 tons in July.

AP

Import safeguard problem for Gatt

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE USE of tariffs as a method of protection has been falling into disuse. Instead, there has grown up a complex system of export restraints, orderly marketing arrangements, quantative restrictions, surveillance of imports and administrative barriers to trade.

When the General Agreement on Tariffs and Trade (Gatt) was drawn up in 1948 as the legal foundation for the development of post-World War II trading system, the basic principle was non-discrimination. What applies to one trading partner applies to all.

But the development of new methods of protection has ignored this principle. The tendency hs been for a country seeking import restraint not to apply the restraints to all its partners but to the one causing the bother. The measures have been taken outside of Gatt.

This clash of principle and practice will be addressed when nearly 90 trade Ministers meet in Geneva during November for the first ministerial conference of Gatt since 1973.

The way they approach the problem will be an indication of whether the Ministers seek an open system based on acknowledged rules or whether they will acquiesce in a less certain system carrying reduced guarantees for the free movement of goods.

The key word is safeguards. The key question is when and how import safeguards might be put in place.

The starting point is Article 19 of the Gatt—"Emergency Action on Imports of Particular Products." Broadly, this provides for safeguards against a surge of imports threatening domestic industry.

In line with the non-discrimination principle, the safeguards would be placed against imports of the product from all sources. The suppliers would have the right to compensation.

It is the use of this Article which has fallen into disuse. A restricted Gatt document, circulating among delegations in Geneva, shows that 30 measures under Article 19 have been notified to the Gatt since 1978 or are still in force while originating before 1978.

But the same document shows, on the basis of the same dates, the existence of 37 voluntary restraint or orderly marketing arrangements and 47 other measures of safeguards, ranging from quotas to price monitoring.

For Article 19 measures, the document says, the value of imports affected was $1.7bn in 1980, but the total of the other restrictions was nearly 13 times more at $21.7bn (£12.6bn).

Breakdown of the measures shows that Australia has been the biggest user of Article 19 but of the 84 measures involving other types of restrictions, the EEC was the importer in 56 cases.

Preparatory discussions for the ministerial conference have ruled out any negotiations for the re-writing of Article 19, but there is the possibility that Ministers might set off talks leading to new interpretation.

To do this, they will have to establish the basic principles of new interpretation. Such principles have eluded the trading nations during several years of spasmodic talks on safeguards.

The UK Government has come out in favour of what Lord Cockfield, Trade Secretary, called "a clearer operation of safeguard procedures," but it has made no recent general commitment for or against their selective use, Paul Cheesewright writes.

If they simply reiterate their faith in the validity, under present economic conditions, of Article 19, then they ignore the fact that most safeguard measures are being taken outside the Gatt. If they attempt to devise a system which controls measures taken outside the Gatt, then they justify the legitimacy of the measures.

The arguments boil down to whether a nation can abandon non-discrimination and act against a single supplier. This is the idea of unilateral selectivity, pushed by the EEC in the 1970s and rejected by most other trading nations as, effectively it gave *carte blanche* to an importing country to do what it liked.

Fear of retaliation seems to be inducing the EEC to back away from unilateral selectivity. In its place, the idea now being discussed adds new jargon to the trade vocabulary: consensual selectivity.

The idea comes in various forms. Pulled together, consensual selectivity would work along these lines:

Country A is worried about imports of a product from Country B and can show injury to its domestic industry. It seeks agreement from Country B for import safeguards.

Country B agrees to restrain sales. The agreement is monitored by a surveillance committee at Gatt which would see that there is a time limit on the safeguards, that they are wound down. If Country B does not agree to the bilateral agreement, then Country A would have to use Article 19.

Critics of this type of system make two main points. The first is that it will not affect the measures of protection already in place and will therefore make little difference: there needs to be a winding-down of existing barriers as a first priority.

The second point is that consensual selectivity is only unilateral selectivity dressed up. The main objection to the latter — that the small exporter is powerless in the face of the big importer—still holds.

Evidence adduced in support of this argument is the working of the Multi-Fibre Arrangement where, say diplomats of developing countries, the EEC is seeking to browbeat textile suppliers into cutting back exports.

On the other hand, the argument in favour of consensual selectivity is that because the use of safeguards has become so widespread outside the Gatt disciplines, some erosion of the principle of non-discrimination is worth it, just to stop the trading system becoming completely clogged.

If, the argument runs, consensual selectivity could be brought within a framework of strict conditions, then it would be a practical middle course.

So far, in the Geneva preparatory discussions, the ideas have not crystallised into a definite proposal but various attitudes to safeguards have emerged.

The EEC is toying with consensual selectivity, but the Commission does not have a brief from the Council of Ministers. The U.S. could be induced to support it, provided the conditions around its operation were tight enough, especially those relating to phasing out. Japan's position is unclear.

Smaller developing countries are against selectivity in any form, but larger ones in, for example, Latin America, are more flexible.

This is the second in a series.

French aim to reduce dependence on Saudi oil

BY DAVID MARSH IN PARIS

FRANCE is aiming to cut substantially its long-term dependence on Saudi Arabian oil deliveries when it renegotiates its oil supply contract with Riyadh later this year.

Under an agreement between the Saudi oil company, Petromin, and the two leading French oil concerns, Elf-Aquitaine and Total, France has contracted to buy an annual 12m tonnes of crude from the kingdom, although the actual amount in practice has fluctuated.

The accord, signed originally in 1974 and extended in 1979, comes up for renegotiation at the end of this year, and looks certain to be scaled down significantly.

The oil companies are keen to reduce dependence on long-term contracts at a time when world oil prices are falling. Additionally, the Foreign Trade Ministry is anxious to cut France's trade deficit with Saudi Arabia.

Already, the Saudis have shown flexibility in the handling of the contract. This year the actual amount sold to France looks unlikely to be more than about 6m tonnes, as both sides agreed in March to scale down deliveries.

Previously, when the international oil market tightened in 1979-80, the Saudis showed willingness to increase contracted amounts to alleviate French supply difficulties.

The size of the new contract has not been settled. It will depend on talks later this year between Petromin and Sofracop, a joint Elf-Total subsidiary which handles the purchases.

The oil concerns look likely to want to reduce the amount at least below the present actual level of 6m tonnes a year.

With the Saudi price level of $34 per barrel now looking expensive compared with the spot oil market, the oil companies are keen to make more "speculative" forays on to the free market to assure French supplies.

Greeks buy P & O's last cargo ships

By Andrew Fisher, Shipping Correspondent

PENINSULAR and Oriental Steam Navigation, the major UK shipping group, is selling the last four general cargo ships under its operation for just over $20m (£11.6m) to Greek interests.

The 12,600 gross ton vessels—the Strathewe, Strathesk, Stratherrol, and Stratheden—have been trading on the U.S.-Middle East route, now mostly containerised.

P & O has one other general cargo vessel, the Strathelgin, but she is on charter to Overseas Containers (OCL), in which the company is a major shareholder. Six refrigerated cargo ships also remain in the company's fleet.

The four ships just sold are able to lift on heavy cargoes and can also carry 300 containers. But major international lines have been ordering much larger ships with container and roll-on/roll-off capacity for the route.

P & O said that about 180 British seafaring jobs would be lost because of the sales.

Navy order for British-U.S. consortium

THE ANGLO-U.S. consortium of British Aerospace, McDonnell Douglas and Sperry has won a $15.6m (£9.06m) contract to continue developing a new training system for the U.S. Navy based on the BAe Hawk trainer aircraft, it was announced yesterday.

The U.S. Navy has awarded the contract for pre-full scale development work on the Navy's jet flight training system, known as VTXTS.

British Aerospace, McDonnell-Douglas and Sperry will develop a full training system for navy jet pilots, including the aircraft and flight simulators.

The Navy selected the Anglo-U.S. team for development of the training system from six competing proposals. This is the first major contract in a task scheduled to provide the U.S. Navy with an initial training capability in 1988 and a full deck-training capability in 1991.

U.S. seeks delay on foreign bid requests

WASHINGTON — U.S. companies that offer international communication services have been asked by the U.S. Government to delay responding to some unusual requests for bids received from foreign governments.

The action, disclosed this week by the Federal Communications Commission, is designed to allow time for a special study to determine whether the foreign governments are trying to spur a bidding war that could affect customer rates in the U.S.

The FCC's announcement follows the receipt by U.S. companies earlier this summer of unexpected inquiries from the Government-run telephone networks in eight countries, the agency said.

The inquiries ask the U.S. companies about their plans to provide various specialised communication services—such as the high-speed transmission of computer data or videotext electronic information services —to customers in their countries, and to specify what type of partnership arrangement they would be willing to enter.

The inquiries were received by at least seven companies, including American Telephone and Telegraph and Western Union, the FCC said.

The FCC said there is nothing unusual about U.S. communication carriers entering partnership agreements with foreign nations.

That is a standard procedure, since most foreign governments control their internal mail, telephone and telegraph systems and U.S. companies must secure permission to operate in the host country.

In exchange for that permission, the U.S. companies and the foreign governments normally reach agreement on a so-called accounting rate that amounts to a sharing of the revenues collected by the parties.

What makes the latest requests unusual, an FCC official said, is the stated invitation by the foreign governments to have the U.S. concerns bid against each other to offer the best deal on sharing revenues.

AP

Gill will press job loss action

BY JOHN MOORE, CITY CORRESPONDENT

MR JACK GILL, the former managing director of Associated Communications Corporation, the entertainments group built up by Lord Grade, is to press ahead with a legal action for wrongful dismissal against Lord Grade, and three other directors.

The new moves by Mr Gill came yesterday after resolutions to pay him a record-breaking golden handshake of £560,000 together with an entitlement to buy a company house for £165,832, nearly £110,000 below market value, were defeated at an extraordinary meeting of ACC shareholders.

Sir David Napley, solicitor for Mr Jack Gill said he would press ahead with proceedings against former Associated Communications directors, Lord Grade, Mr Louis Benjamin, Mr Louis Michael and Sir Leo Pliatzky.

Mr Robert Holmes à Court, the Australian entrepreneur who bought ACC and is now its chairman said after the meeting "we feel his entitlement has always been what the courts would have awarded—in other words his proper legal entitlement.

"What was wrong with the proposal today was that it was in excess of what any court would have awarded. *I do* not know what the courts would award but that is the right formula."

Mr Holmes à Court said that a pension worth nearly £73,000 paid to Mr Gill was not in dispute.

The Australian said that if Mr Gill made any claim ACC would take legal advice "first whether there was any entitlement and secondly how much."

Mr Holmes à Court said that Mr Gill was presently living in the house and "driving three of ACC's cars."

Yesterday's setback for Mr Gill came after ACC enfranchised the non-voting shares of the group following a takeover by Mr Holmes à Court. Although the voting shares of Lord Grade and his fellow directors who had said that they would support the payment to Mr Gill had passed to Mr Holmes à Court he had allowed them to retain their proxies to support the resolutions awarding Mr Gill the payments.

But the former directors' votes were overwhelming. Votes cast in favour totalled less than 365,000 while those against topped 51m.

The Post Office Staff Superannuation Fund, which led the fight by institutions against the Gill handshake, is now dropping its own court action to stop the company from paying.

'No abnormal Howden losses' pledged

BY JOHN MOORE, CITY CORRESPONDENT

MR JOHN BOGARDUS, chairman of Alexander & Alexander Services of the U.S., one of the largest insurance brokers, gave assurances in London last night that the 3,800 Lloyd's members of underwriting syndicates managed by Alexander Howden Group will not face "abnormal losses."

He met about 100 representatives of underwriting agents who have introduced wealthy individuals to Howden's syndicates, whose star underwriter, Mr Ian Posgate, has been sacked from the group.

Against a background of mounting concern among hundreds of underwriting members, who are fearful that their financial interests might not be fully protected, the underwriting agents were summoned to the offices of Alexander Howden Group by Howden's U.S. owners.

The members feared that funds owed to their underwriting syndicates—the units into which members are grouped by Howden for trading purposes—will not be paid to the syndicates from Howden's insurance companies.

Howden, acting as a broker, had arranged extensive reinsurance cover for the syndicates with its own insurance companies and with companies secretly controlled by former executives—Mr Kenneth Grob, the former chairman, Mr Allan Page, Mr Ronald Comery, Mr Jack Carpenter and Mr Posgate.

Alexander & Alexander has alleged that $55m (£32.35m) have been misappropriated by the five former executives over a period of up to seven years. It is suing the former executives.

Mr Bogardus has written to the chairman of the British Insurance Brokers' Association to "re-affirm that Alexander & Alexander will stand behind the financial integrity of Sphere Drake and the other UK-based Howden insurance and insurance-broking companies."

Sphere Drake has a deficiency of up to $25m, the liabilities of the secretly-controlled companies, based in Panama, having been transferred to Sphere Drake after the discovery of the alleged irregularities.

In addition, Alexander and Alexander has injected $10m into Sphere Drake so that it can accept more business.

As the crisis simmered at Lloyd's, the Association of External Members of Lloyd's, which has Lady Middleton in the chair, and represents about 500 members, said that it was prepared to establish a "defence committee" of external members of Lloyd's for members of the Howden syndicates, "if a sufficient number of those members request the association to do so."

Associations fail to avert threat of commission war

BY ERIC SHORT

HOPES OF averting a commission war among life companies faded yesterday, despite confirmation that the Life Offices Association (LOA) and the Associated Scottish Life Offices (ASLO) had asked the Government to intervene.

Abbey Life Assurance, the largest UK life company outside the LOA, reacted unemotionally to the idea of a voluntary commissions agreement applying to the whole industry as proposed by the LOA and ASLO.

This reaction has severe implications to the moves made yesterday by the LOA and ASLO. They officially announced that the present commissions agreement would run out at the end of the year. Thus from the beginning of 1983 all members of the associations will be free to pay whatever commission they feel is necessary or desirable—enjoying the same freedom as non-member companies.

The LOA feels that in such conditions a commission war is inevitable, with consequences to the consumer, who has to foot the commission bill, and to some small life companies, which may not have the financial resources to compete.

But it hopes that this can be avoided by all non-members agreeing to participate in a voluntary commissions agreement which would limit commissions, though not necessarily at the present scale. The LOA officials intend to contact all non-member companies as soon as possible.

To add weight to their negotiations, the associations have already asked the Government to intervene should this agreement not be forthcoming. A lengthy memorandum on the subject was delivered last Friday to Dr Gerard Vaughan, Minister of State for Consumer Affairs, who is responsible for supervising the insurance industry.

The memo sets out the consequences of a commission war and calls on the Government to regulate commissions.

Dr Vaughan is expected to make a statement on the Government's position today.

Mr Emrys Wynn Owen, chairman of the LOA, said yesterday that member life companies were facing increasing escalation of commission by non-member companies and losing market share unfairly.

Certain life companies had expressed their intention of leaving the LOA unless the commission regulation applied to all life companies.

He admitted that Government legislation could have serious consequences, but he saw no alternative unless non-member companies could be persuaded to join a voluntary agreement.

However, a statement from Abbey Life poured cold water on this idea. It believed the LOA should abandon its commission agreement and not seek to replace it.

The company continued to hold the view that a cartel on commission was a restraint on trade and against the interests of the consumer. It did not believe that abandoning the agreement would lead to a commission war.

Mr Paul Seymour, a director of Abbey Life, added to this statement by saying he considered the chance of the Government intervening as "zero."

However, he emphasised that Abbey Life would be willing to discuss the situation with the LOA and the company had some constructive ideas on regulating the entire cost of selling life assurance.

No gloom allowed in search for Ulster jobs

Mr Saxon Tate

THE Belfast rain was comi down in sheets. The atmosphe in the drab entrance hall of t Northern Ireland Department Commerce was not helped by deputation from the Harla and Wolff shipyard wonder about the future of their job

Mr Saxon Tate, scion of t sugar family and new appointed chief executive Northern Ireland's Industr Development Board (ID arrived from an interview w local radio. "Morning all," cried, "lovely weather."

Mr Tate is determined th will be no gloom. Even civil service green and cre of the department offices being replaced with furnishi more suited to the new ima of the IDB, able to go out the market place and comp with the best in the search investment and jobs.

Mr Tate sees the establi ment of a commercial attitu of mind as one of the priori for his new board. This is answer to criticisms that staff are still civil serva Mr Tate says he is impres with the determination of Civil Service to make what admits is an odd system, w

Brendan Keenan reports the confident new head the province's Industr Development Board — the task he faces.

His own fire reaction wh James Prior, the North Ireland Secretary, offered h the job was that he was be asked to do the impossil "But I was hooked once I ca here because it was a chance do something in an area wh I regard as important," he sa

That area is the creation maintenance of employment.

Mr Tate still recalls trauma of closing Tate & Ly refinery in Liverpool, wh some families had b employed for four generatio He stresses that jobs must viable, which means profitab but believes that in an area w Northern Ireland's difficult there may have to be a s stantial role for the Gove ment.

Yet Ulster, with the m generous Government incenti in the UK, has been failing attract significant foreign British investment. Mr T believes it may take a gene tion to change the image o troubled province but thi much can be done in the me time.

He believes for instance t it is important to convi banks and insurance compan of the value of investing Ulster, and advocates a "ri approach," where growth sect and markets are identified a the companies involved locat They can then be given inte attention in an effort to p suade them to choose North Ireland.

The IDB is also likely to c centrate on provid specialised financial, market and technical back-up to h existing companies flourish a expand.

Mr Tate believes the p vince offers better industrial lations and productivity th many other areas, and bet communications than the Rep lic, for which British busin still shows a marked preferen

The Republic of course h tax incentives; which everyo agrees are highly attractive. T is one of Mr Tate's prior areas, even though the politi difficulties of providing breaks within the UK are vious.

He has been promised th the IDB will not have to op ate "with one hand tied behi its back" and can be assu of a sympathetic ear in t Northern Ireland Office wh Mr Prior is in charge. But t world recession must now added to Ulster's other diffic ties and his task, while it m not be impossible, will requ all his enthusiasm.

"You can look across the wa and almost see the Isle of M from here," he said. "We kn what they have achieved a how it has been done."

Mr Tate does not see hims as a political lobbyist. Inste he will work with his boa which represents all sides of ... to influen ... what

Independents keen on axed BA routes

BY JAMES McDONALD

BRITISH independent airlines and operators are showing keen interest in taking over at least some of the 17 international and domestic routes which British Airways plans to close down because they are not sufficiently profitable.

British Midland Airways will probably apply for the Heathrow to Inverness route, and is considering taking over other domestic routes.

Air Europe will apply for at least three of the international routes and a British Caledonian spokesman said yesterday: "We are looking at the routes but, as yet, have made no firm decision on whether to apply for any."

Announcing the closures on Monday, Mr Roy Watts, group managing director of British Airways, said the routes "are those on which we can find absolutely no prospect of adequate profitability.

But Mr Graham Norman, commercial manager of British Midland, said yesterday that the Heathrow to Inverness route would fit in well with existing flight patterns. "I am sure we could soon make it a profitable run."

He added that British Midland would seriously consider the feasibility of taking over other domestic routes being abandoned by British Airways. These include Manchester to Edinburgh, and Edinburgh to Aberdeen.

British Midland took over the Birmingham to Brussels service after it was given up by British Airways seven months ago, and Mr Norman said yesterday that he was confident the route would soon reach its profitability target.

British Midland will enter into direct competition with British Airways next month with the introduction of flights from Heathrow to Glasgow and to Edinburgh.

Air Europe—a holiday charter airline and a subsidiary of the Intasun Leisure group—is to apply for the Gatwick to Alicante, Faro and Palma routes, but it will apply for them as licensed, scheduled routes.

Air Europe has already applied for a scheduled route from Gatwick and Manchester to Gibraltar. The application, opposed by British Airways, is being heard in December.

Among the other routes to be dropped by British Airways are: Heathrow to Edmonton and Calgary in Canada, and to Damascus in Syria; Gatwick to New Orleans and Dusseldorf; and services from Manchester to Toronto, Zurich, Geneva, Malta and Cyprus. The Birmingham to Copenhagen route will also be dropped.

Review of accountants institute expected soon

BY DUNCAN CAMPBELL-SMITH

THE Institute of Chartered Accountants confirmed yesterday that a confidential review of its aims and structure has been under way since early this year and is expected to be available for general discussion by December.

The institute, which is accountancy's leading professional body in England and Wales, with about 76,000 members, said it had commissioned "an in-depth research study" in December, 1981, from Mr Bob Tricker, a research fellow of Nuffield College, Oxford.

His brief is "to analyse past, present and future problems of the institute in the context of the accountancy profession in the UK as a whole," said the institute. His report will examine possible alternative ways of organising the profession.

Mr Tricker is a director of the Corporate Policy Group, a charitable trust set up in June, 1979, and sponsored by private industry "to advance public education in the field of corporate direction, control and governance."

His study, disclosed in October's issue of Accounting Bulletin, has been directed by the institute to look into the various problems of comparable organisations "including that of the alienation of their membership."

Widespread disaffection with the institute became apparent earlier this year during the debate over current cost accounting (CCA).

Efforts to overthrow the institute's support of CCA were only defeated in July by the narrowest of margins after a poll of the membership which revealed much popular dissatisfaction with the workings of the institute itself.

A first draft of the report will be drawn upon by the Council of the Institute to put together a number of reform recommendations. It is hoped to have a final draft of both ready by the early summer 1983.

Leyland asks Scots to supply components

By Mark Meredith

LEYLAND Vehicles yesterday urged Scottish companies to bid for £120m worth of contracts to supply components and services for its trucks and buses.

Less than £8m of this business goes to Scotland, Mr Ron Hancock, chairman of Leyland Vehicles, said at the opening of a two-day "job creation" exhibition at Bathgate, near Leyland Vehicles' truck and engine plant. The exhibition follows the corporation's promise at the time of a painful reorganisation throughout the company last November, when 1,365 jobs were lost at Bathgate alone, that it would seek ways to make new jobs in areas affected by cuts.

Leyland Vehicles said that about 100 companies had expressed an interest in the exhibition, and more were expected.

About 60 per cent of the components for products of the Bathgate plant comes from subcontractors. The plant produces the Landmaster and Landtrain trucks, the Boxer and Terrier models (which are being phased out) and the 98-series engine.

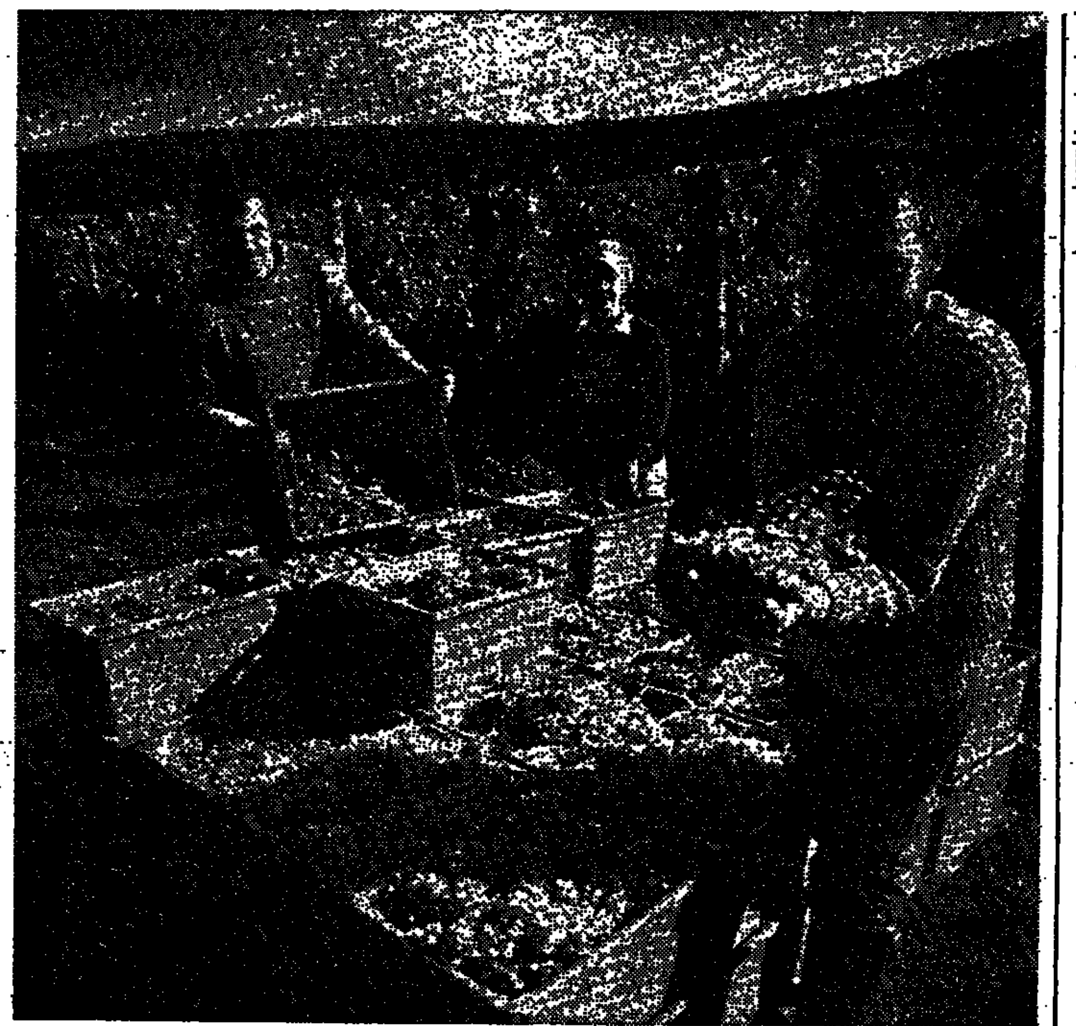
The going into production, four years from now, of the new Family I diesel engine, to be jointly produced with Cummings, is also expected to offer new opportunities for subcontractors.

Mr Hancock said that Leyland Vehicles wanted to encourage Scottish business to bid for work now supplied from outside the country. "We are not trying to place elsewhere work which we do for sound economic reasons in our own factories," he added.

It was clear that Leyland Vehicles did not expect investment-intensive projects to stem from these opportunities in Scotland, but rather was hoping for a proliferation of service and small manufacturing outfits which would make such things as gaskets and connecting-rods, or would do machine-tooling. Leyland Vehicles was able to contract-out this work because of the small volume of parts involved, Mr Hancock explained.

He told a news conference that a survey of companies in the Bathgate area, which is about a third of the way from Edinburgh to Glasgow, showed that they bought as much as 90 per cent of its components outside the area.

Leyland is hoping that its offer would coincide with industrial regeneration proposals for the Bathgate region.



Glyn Genin

ENGLAND'S winegrowers are now in the midst of what promises to be a record harvest. More than a thousand acres are given over to vineyards in England and Wales, and there are more than three hundred members in the English Vineyards Association.

David Mills (above right), farms 400 acres of Sussex Downland. This is his second year of wine production. His wife Ann (centre) manages the five-acre vineyard. This year's crop of three German varieties will produce about 8,000 bottles. Mills' 1982 Ditchling wine should be ready for drinking in August 1983.

Manifesto preparations launched by Alliance

By John Hunt

THE Liberal-Social Democratic Alliance launched a crash programme to draft a joint policy statement for its two parties by next January 20. It is hoped that on this date a united front can be presented by Alliance parliamentary candidates at a mass rally in Central Hall, Westminster.

At an Alliance co-ordinating committee meeting in the Commons yesterday it was decided to set up a policy sub-committee of party officials, chaired by Mr Richard Wainwright, Liberal MP for Colne Valley, and Mr John Horam, SDP MP for Gateshead West.

The sub-committee's task will be to iron out policy differences quickly and "to knock heads together" to secure agreement.

It is hoped the result will be a document to form the basis of an Alliance manifesto for the next general election. On some topics, however, there could be agreement to disagree where the gap between the two parties is not too wide.

Behind the sense of urgency is the suspicion Mrs Thatcher might call a post-Budget general election, possibly in May, before the Alliance restores its popularity to last year's high levels.

Mr David Steel, the Liberal leader, and Mr Roy Jenkins, the SDP leader, who both attended yesterday's meeting, are anxious to maintain the momentum generated at last week's Liberal annual conference.

Areas where the parties remain out of line, ohwever, include defence and energy policies.

Last night Mr Dick Taverne, SDP parliamentary candidate for Peckham South-East, London, in the by-election on October 28, said hard-line left-wingers in the local Labour Party were trying to gag the Press. He said they were preventing Ms Harriet Harman, the Labour candidate, from holding the usual daily Press conferences in the campaign.

In a Blackpool Press conference yesterday Ms Harman said the allegations were total nonsense

House prices 'are rising steadily'

BY ANDREW TAYLOR

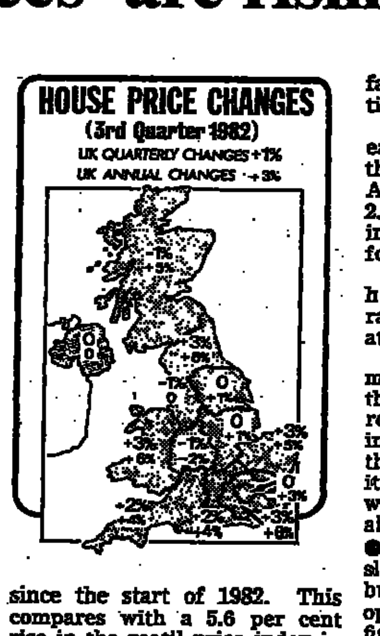
AVERAGE UK house prices, having suffered a setback last year, have been rising steadily if undramatically during the first nine months of this year. But price rises are still lagging behind increases in the rate of inflation, according to figures published today by Nationwide Building Society.

There are also significant regional variations in house price movements, says Nationwide. In the West Midlands, for example, prices are still declining and are estimated to have fallen on average 2 per cent since the third quarter of last year.

By contrast, average prices in the North and in Wales are estimated to have risen by 6 per cent in the past 12 months and by 3 per cent since the second quarter of this year.

Nationwide, the country's third-largest building society, says the average price of a UK home in the third quarter of this year was £24,910—representing a 1 per cent increase over the second quarter and a 3 per cent increase over the third quarter of last year.

Average prices, having dipped in the fourth quarter of last year, have risen by 4.5 per cent since the start of 1982. This compares with a 5.6 per cent rise in the reatil price index in the same period and a 6.6 per cent rise in average earnings.



There is still no sign, however, of a house price boom, although recent reductions in interest rates and inflation, allied to a real fall in house prices in comparison with average earnings, would appear to be able to support a rather faster rate of house price inflation than has occurred.

The ratio of housep rices to earnings has fallen sharply since the fourth quarter of 1979. Average prices now stand at just 2.96 times average annual earnings, the lowest level since the fourth quarter of 1970.

At the end of 1979 average house prices, having risen rapidly in the late 1970s, stood at 3.69 times average earnings.

At the beginning of this year most building societies forecast that house prices would move roughly in line with annual increases in inflation — with three months of the year to go it looks as though this forecast will eventually prove to be about right.

● There has been a marked slow-down in the rate at which building societies have been opening branches, according to figures published yesterday by Hillier Parker May & Rowden, estate agents

The societies opened 488 branches in 1981, an increase of 3.6 per cent, the lowest rate of growth for a decade. At the end of last year societies operated from a total 6,162 branches, double the number in 1974.

Whitelaw backs NHS pay stand

By John Hunt

MR WILLIAM WHITELAW, Home Secretary and deputy leader of the Conservative Party, last night gave his backing to the Government's stand against the health workers and nurses' demand for a 12 per cent wage increase.

He also took a dig at the report of the Government "think tank" the central policy review staff, which suggested the possibility of replacing the NHS by private health insurance.

Mr Whitelaw indicated that it was necessary to keep tight control of the efficiency and spending in the Health Service if this prospect were to be averted.

He said present signs were the secure state funding of the NHS would continue "but only if it is not jeopardised today."

His speech was clearly an attempt to show party solidarity in the run-up to next week's ...

Builders' merchants expect sales boom

BY WILLIAM COCHRANE

THE GREAT majority of builders' merchants are looking forward to increasing sales during the next year. This extends the 1982 trend of recovery against a background of depressed activity in the UK construction industry.

A survey issued yesterday by the Builders' Merchants Federation covering a sample of members' projected sales over the next six and 12 months shows 95 per cent expect either maintained or higher sales than in the last year.

Over the next six months 57 per cent of respondents see higher sales, 34 per cent expect to hold the same level as this year and 9 per cent envisaged a decline of between 2½ and 12½ per cent. Forecasts for the next 12 months are even more hopeful with 70 per cent seeing a rise, 29 per cent on "hold" and only 5 per cent expecting a decrease.

The federation yesterday confessed itself quite surprised at the buoyancy of some of the forecasts. It emphasised that 1981 was a bad year for merchants and that many of its members are still fighting back hard against pressures on margins and falling profits.

Factors influencing this year's revival have included the spurt in house starts, an apparent gain in sales in the public home improvements sector and, fairly recently, a mini boom in central heating installations.

This has required flexibility at the marketing level and not all merchants have been able to provide it. "Companies which slimmed down earlier and are now trading within themselves are getting expanding and profitable business," said the federation. Those which were caught early this year with heavy stocks and overdrafts ...

UK NEWS

Whitehall efficiency plan unveiled

Gareth Griffiths examines the Civil Service White Paper

THE White Paper on Civil Service efficiency published yesterday rejects any wide parliamentary scrutiny of Whitehall, but outlines proposals for major management changes in the way the service is run and sets a July 1983 deadline for departmental plans to be published.

Government departments have been told to submit by the end of January plans for their financial and information management systems. The plans must include systems for the budgeting and control of administrative costs, managers' responsibilities must be specified and, where practicable, the plans must suggest performance indicators.

Departments will keep in touch with a small joint Treasury and Management and Personnel Office team. A central report will be published by next July.

The thrust of the reforms will be administrative, and not concerned with government policy. The questions departments will address are where money is going and what value taxpayers are getting for it.

"The full achievement of the aims of the initiative will require a heavy commitment of resources, including the efforts of senior management, and departments will need time," the White Paper says.

Improvements in financial management are viewed as central to pepping up the Civil Service. The Treasury should be able to probe more effectively with the proposed battery of performance indicators.

"The time has come to bring the rest up to the standard of those in the lead," says the White Paper.

Training in financial management will be improved, and any civil servant will normally be required to complete the Civil Service College's financial management course before being appointed a principal finance officer.

The Government is very keen to emphasise the managerial functions of civil servants and believes that a substantial proportion of the most senior posts in the Civil Service should be filled by people with records of success in financial and general management.

The information systems will be designed to provide higher management with information needed for estimates and control. Managers further down the line will also receive information deemed necessary.

Managers at all levels should also have well defined responsibility for making the best use of their resources, and should have training and access to expert advice, says the White Paper.

The kernel of the White Paper's message is that three fundamental principles should be applied:

● Objectives for policy and administration should be clear.

● Responsibility for attaining objectives, and for the management of resources in so doing, should be defined.

● The information needed to exercise responsibility should be provided.

"These principles apply to managers at all levels, up to and including ministers. They cover resources of all kinds—manpower, money and other. They relate to the resources that Government consumes and the resources it makes available those in the lead," says the White Paper.

Departments' individual approaches may vary within the framework of the analysis, but the Government believes that fundamental principles of good management transcend the differences between departments.

The system's emphasis on performance indicators will lead to less reliance on crude cash limits as the main measure of government control and evaluation. The plan for each department should ensure that the most urgent priorities are tackled first.

There is also likely to be a greater degree of departmental decentralisation. The Treasury will review with departments, as the need arises, how their management accounting systems, estimates and appropriation accounts can best be related.

The Treasury and the MPO Management and Personnel Office will meet monthly to discuss the progress of the reviews and the introduction of new planning systems. Savings made by the reviews will be ploughed back into the departments.

The White Paper contains the Government's replies to a report in March from the Treasury and Civil Service Committee on Civil Service efficiency. The committee called for a common framework of analysis for the proper management and evaluation of programmes and assessments of efficiency. The committee made 26 recommendations, and the Government has accepted most in part.

However, it has rejected proposals that select committees review departmental efficiency, that departmental reviews be published annually and that select committees be allowed to table motions for debate in Parliament.

Surprisingly, in view of the Prime Minister's antipathy towards major aspects of the Civil Service ethos, the White Paper talks about the need to maintain morale in the face of a declining size.

Control over permanent secretary appointments, the key to the Whitehall patronage network, lies firmly with the Prime Minister, and no changes in the relationship between Minister and permanent secretary are proposed. There is a mention of the need for clear understanding between minister and permanent secretary on the way management responsibilities are discharged.

The White Paper singles out for praise the initiative taken by Mr Michael Heseltine, the Environment Secretary, at his department, in introducing an information evaluation system to let the Ministers know what the department is doing. Management Information System for Ministers (Minis) is viewed as a good way of dealing with information, because it is concerned with administrative rather than policy matters, and places a strong emphasis on staff costs and numbers.

Minis enables Ministers and senior officials to review regularly a department's work, compare priorities, allocate resources and arrange for particular areas to be examined.

The White Paper is cautious in its attitude to giving MPs more information about and control over the running of the Civil Service, but there are some proposals to increase the flow of published information.

"The Government's intention is that departments should disclose as much as possible of the information they derive from their management systems. It attaches importance to making material relating to priorities and the allocation of manpower and other resources available to select committees and the public, though not all such material can be disclosed."

White Paper—Efficiency and Effectiveness in the Civil Service. Government Observations on the Third Report from the Treasury and Civil Service Committee. Session 1981-1982, HC 236. Published by SO. Command 8616. Price £3.40

Literacy job test 'unlawful'

THE introduction of literacy testing by the British Steel Corporation in 1979 at its Scunthorpe plant for recruits to its workforce was unlawful, an industrial tribunal ruled in Sheffield yesterday.

Five Scunthorpe Asians who had left the corporation after up to eight years' service were not re-engaged by BSC when they returned from long holidays in Bangladesh as a result of the introduction of tests, and a further applicant was offered a job as a cleaner at a lower grade than he had previously been employed at.

Mr Freddie Reynolds, representing the six Asians, said that when they returned from holidays on family business in Bangladesh in 1979 they had been required to sit literacy tests

They were asked to read extracts from BSC's rule book and fill in questionnaires. Corporation personnel officers described their performance as "poor"

Mr Christopher Carr, speaking for the BSC, said that the literacy test had been introduced at Scunthorpe following the passage of the Health and Safety at Work Act of 1974.

But BSC had now "radically reviewed" arrangements for testing in liaison with the Commission for Racial Equality, he went on. Testing was necessary because of "the considerable number of safety and health risks associated with a modern steelworks."

BR freight distribution venture

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL and the Association of Metropolitan Authorities (AMA) are inviting private developers to join in partnership developments of freight distribution and warehouse complexes in seven cities.

Eight of the sites (three in London and one each in Gateshead, Sheffield, West Yorkshire, Liverpool and the West Midlands) are owned by the BR Property Board. That in Salford, Manchester, belongs to the Manchester Ship Canal Company.

The purpose of identifying the sites at this stage is to take a long-term view of the distribution needs which are expected, and to ensure that they be incorporated into local authority plans for development into the next century. BR is aiming to maximise the trunk haulage of freight between these complexes by rail, with local distribution of goods by lorry.

The emphasis of the exercise, presented to financiers and property developers yesterday at BR headquarters in London, however, is on the benefits to accrue from the development of sites with joint rail and road access.

The exercise started more than two years ago, on the initiative of the AMA, which led to a joint study group set up with BR. Further studies with the Association of County Councils and the Association of District Councils are proposed.

Liverpool forges medical link with China

LIVERPOOL School of Tropical Medicine is to forge new links with China, involving a five-year staff exchange programme with the Jinan Medical College, Canton.

The programe is being funded initially with £60,000 from the Wolfson Foundation. The first exchanges will last from three to six months, although longer periods may be possible later to enable Chinese staff to gain experience to train Chinese doctors.

The emphasis will be on the fields of parasitology, entymology and tropical pharmacology. This will increase China's ability to fight problems caused by parasites and insects, and increase knowledge of which drugs to use in treatment and prevention of tropical diseases.

The Liverpool staff hope to learn about traditional Chinese methods for dealing with malaria.

The Liverpool school has a world-wide reputation for using similar staff exchanges to improve medical education in South East Asia.

Second jobs boost for Cumbernauld

A SCOTTISH new town has received its second major jobs boost in the course of the month. The Lancashire-based E.K.F. Aluminium Group has announced that it is to open a new factory in Cumbernauld creating 250 jobs.

The company, which manufactures replacement windows and doors, is taking 23,000-square-foot premises in the town's Blairlinn industrial estate, and employment will be provided for both manufacturing and administrative staff.

The Cumbernauld factory is the main part of the group's nationwide expansion programme, involving more than 400 jobs in all.

Earlier this month the Macdonald Steel Company of Olney, Buckinghamshire, took over a 70,000-square-foot factory in the town to process drilling pipes for the oil industry, with a potential of 150 new jobs.

The two companies are the first major companies to set up this year in the town, where around 4,000 are currently unemployed.

Smaller companies back Tory economic policy

BY TIM DICKSON

THE BOSSES of most small manufacturing companies still approve of the Government's overall economic strategy. But less than half feel that business will pick up over the next 12 months.

These are the main conclusions of a new survey by the Union of Independent Companies to be published later this week.

The survey was carried out mainly to counter the "doom and gloom" which the union believes is damaging business confidence. The UIC represents between 200 and 300 small and medium sized manufacturing companies.

Asked whether they thought the Government's economic strategy was right for their company in the long run, 79 per cent replied "yes."

Around 45 per cent felt their prospects were brighter over the next 12 months, 32 per cent said they were less bright and 23 per cent expected to stand still.

Asked about pay, 36 per cent said they had settled for 5 per cent or less and 58 per cent had negotiated between 5 and 10 per cent. The biggest single problem was the availability and cost of money.

Government gives extra cash to British Council

BY STEPHANIE GRAY

THE British Council is to get an extra £2.1m from the Government to offset an expected £3m shortfall in funds this year, caused mainly by significantly higher inflation rates abroad.

Further aid is likely later this year when the council gives the Foreign Office its evidence about inflation trends in the last five months of 1982.

The council operates in 79 countries "reaching," in the words of Sir Charles Troughton, the chairman, "the parts other forms of British representation do not reach."

Some parts, however are more expensive than others. Israel, for instance, has an inflation rate of 104 per cent. Brazil's rate is 94 per cent and Argentina, where the council's office was closed during the Falklands conflict, has a rate of 125 per cent.

The Government made clear, when it imposed cuts of 18.5 per cent in its main operating budget over the four years from 1980-81 to 1983-84, that it would view sympathetically any request for supplementary funds to cover overseas expenses beyond the council's control.

This year's cut amounts to £1.5m and the final cut of £1.65m is to be made next year.

Deal takes Lotus back into U.S. market

LOTUS will re-enter the important U.S. car market in January following the conclusion of a new distribution agreement. A previous joint distribution and marketing arrangement with Rolls-Royce was terminated amicably earlier this year.

The new arrangements are understood to involve private investors in the U.S., ending speculation that Lotus would link up with Toyota's extensive American dealership network following a co-operation agreement signed with Japan's largest manufacturer last year.

Details of the new distributors would be given shortly, said Mr Michael Kimberley, Lotus's managing director.

He was speaking on the eve of the Paris Motor Show, where a radically redesigned model, the Lotus Eclat Excel, is going shown for the first time.

The launch of the Excel, together with re-entry into the U.S.—which in 1979 was taking 40 per cent of all Lotus sales — and a 100 per cent increase in sales in other export markets are leading Lotus to expect that by early next year it will be building nearly 90 cars a month, or approximately three times the rate during 1980.

However, the sharp increase in UK sales over the past 12 months has tapered off. Last year's first half sales were 128, rose to 197 in the second half, and have reached 290 so far this year. But Mr Kimberley says sales are flattening in the third quarter and will follow the slide in the overall UK car market expected in the final quarter of the year.

When Lotus' results for the financial year to December 1981 are published shortly they are at best likely to show breakeven. The company made £28,000 profit pre-tax in 1981's first half.

The Excel is an important new model for Lotus, which expects to build 30 a month against 10 a month for the old Eclat. The new car is lighter, claimed to be 7 per cent more aerodynamic, faster and to have much more cornering power than the model it replaces.

No price has been fixed, but Lotus indicates that it will be less than the £14,896 of the existing Eclat. Lotus's top four-seater model, the Elite, is already being substantially outsold by the Eclat and if the Excel is well received Lotus executives are understood to be prepared to consider whether continued production of the Elite can be justified. Lotus's best-seller, however, continues to be its Esprit mid-engined two-seater, which takes just over half of sales.

Lymeswold aims to make Britain say 'cheese'

David Churchill examines the reasons why it has taken 200 years to produce a new cheese

THE British consumer quite clearly "cheats on the cheese."

Cheese consumption per head in the UK is the lowest in the western world and helps explain why no new British cheese had been launched in more than 200 years until this week. We simply do not eat enough of it to make the development cost of a new cheese worth while.

The French, on the other hand, eat more cheese per head of population than any other country—more than 17.3 kilogrammes per head. Americans eat 10.2 kilogrammes per head, while the British consumer comes bottom of the international cheese league with a consumption of about 5.5 kilogrammes.

Our position at the bottom of the international cheese eating league has also been due to virtually no growth over the past decade in our cheese consumption habits, while most other countries have boosted their consumption considerably. West Germany has increased per capita cheese consumption over the past decade by a third, while Canada has increased its consumption by almost two-thirds. Only Denmark has experienced a fall in consumption—yet it still consumes more per head than the UK.

The British lack of taste for cheese was one of the reasons why the English County Cheese Council was set up last year to expand the market of English cheddar and to increase the volume of the other eight territorial English and Welsh cheeses. The council has put about £3m into promoting a campaign for increasing cheese consumption along the lines "Don't cheat on the cheese."

This week, however, the Milk Marketing Board opened another front in the battle to persuade the consumer to eat more cheese (and thereby use up more of the milk surplus that is accumulating as milk sales decline).

Its commercial subsidiary Dairy Crest officially launched what it claims is the first new British cheese for more than two centuries. This is Lymeswold cheese, a full-fat, soft blue cheese with a white rind. Lymeswold cost about £5m to develop, including a £3m plant at Cannington in Somerset.

Lymeswold being a soft cheese is untypically British. Most British cheese are hard, such as Cheddar, Cheshire, Leicester and Double Gloucester of which total domestic production amounted to 242,000 tonnes last year. The British consumer has always preferred the hard English type of cheese to the soft continental variety.

The bulk of UK-made cheese is what is described as "factory" produced cheese—it is made in large creameries using milk from the MMB. The remaining hard cheese production is "farmhouse" produced, using more traditional cheese-making methods.

Cheese imports in 1980 totalled 105,000 tonnes, of which about three-quarters is imported Cheddar.

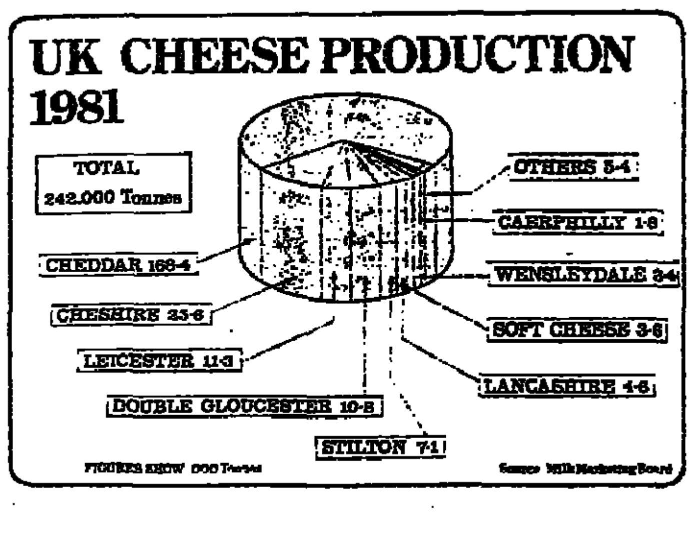
Just under half of all hard cheese is pre-packed when sold, rather than sold loose from blocks. In the pre-packed sector, branded cheese is estimated (by the Mintel market research company in a recent report) to account for only between 15 and 20 per cent of the market, which amounts to less than 10 per cent of the total hard cheese market.

According to the Food and Drink Industries Forecasting Group, the brand leader in the packeted and spread cheese market is Dairylea, bought by almost half of housewives. The next most popular brand was Kraft with just over 17 per cent, followed by Philadelphia, Primula, and Gold Spinner.

Lymeswold, however, is an attempt to ensure that the growth in the soft cheese market is not lost to imported cheeses, such as Brie, Camembert, or Dolcelatte. This is only a small sector of the total cheese market at present in the UK but it is likely to grow over in the 1980s as a result of consumer tastes moving more up-market, helped by more foreign travel and a rise in living standards.

A survey by the British Market Research Bureau for Mintel suggested that buying such Continental-type cheeses was at present most common among the upper socio-economic grades.

The survey found that about



67 per cent of AB socio-economic grade consumers (professional and executive) said they had eaten blue-veined cheese, while 66 per cent claimed to have tried soft flavoured cheese.

Consumption of such cheeses declined down the social scale, with DE socio-economic grades (roughly unskilled workers) saying that only 25 per cent had tried blue-veined cheese, with 36 per cent soft cheese.

Dairy Crest hopes that not only will its cheese manage to break the stranglehold of Continental cheeses among the top end of the market but will also be able to export it to the Continent. Test trials in France, under a different name, have shown that Lymeswold is acceptable to the consumer.

Dairy Crest is also looking to the U.S. where one brand of Danish Blue cheese already outsells total British cheese exports to the American market.

Mr Peter Walker, Agriculture Minister, was in no doubt at the launch of Lymeswold earlier this week that "it will be one of the great national successes of the next 12 months."

Dairy Crest also has hopes of eventually capturing up to a quarter of the UK market.

This, however, will depend on the willingness of hostesses at middle-class dinner parties to offer Lymeswold rather than Camembert or Brie

With Lymeswold selling at broadly the same price as for Camembert or Brie—but considerably more than supermarket packed cheddar—it may take all of Mr Walker's undoubted patriotic fervour to convince housewives. Otherwise it could become "hard cheese" for Britain's first new (and soft) cheese for centuries.

Unions may meet Vauxhall to avert 'S' car imports ban

BY JOHN LLOYD AND BRIAN GROOM

LEADERS OF dockers, transport workers and car workers organised by the Transport and General Workers' Union meet next week to coordinate a total ban on imports of the General Motors/Vauxhall new small car into the UK.

However, there are signs that union leaders and Vauxhall management may meet soon in an effort to reach a compromise short of the ban.

The union has said the ban will operate from next March unless the company agrees to begin assembly of the "S" car in Luton or Ellesmere Port.

Vauxhall says it has no plans at present for assembling the car now being built in Spain—but has not ruled it out entirely.

Mr Grenville Hawley, secretary of the TGWU's automotive group, said yesterday that he believed the union's docker members—who would be in the front line of an embargo—would operate the ban.

However, he said that non-unionised dockers at unorganised ports could unload the car—though he added that shipments would not then be moved by road.

Vauxhall shop stewards are sceptical that a possible dockers' revolt at either Bristol or non-union ports could thwart the plan to stop the car entering

There is speculation that the car might be imported through Bristol's Royal Portbury Dock. The 750 dockers at Avonmouth, who operate the Portbury insist they would decide themselves whether to obey the instruction from the TGWU

Although Portbury is an option, stewards believe the most logical point of entry is Sheerness, one of two ports Vauxhall uses to import its Cavaliers and Astras.

TGWU shop stewards fr Vauxhall are expected to m Mr Moss Evans, the unio general secretary, in Blackp today.

Meanwhile, the unoffic Vauxhall shop stewards' c bine is to meet on Friday discuss the pay negotiatio currently deadlocked over company's 7.25 per cent offer.

This could blow up into row about imports separate fr the S-Car issue. Union nego tors are considering an atter to block imports of Cavali and Astras if the company d not agree to reduce the le of imports.

● The TGWU and the Ama mated Union of Engineer Workers meet separately Birmingham on Friday to de mine wage claims for Bri Leyland's manual workers.

Shell refinery staff claim up to 20% rise

BY BRIAN GROOM, LABOUR STAFF

SHELL UK's 3,400 refinery process workers—a key group at the start of the oil industry pay round — have presented a variety of pay claims ranging to as high as 20 per cent on basic rates.

The company is due to make its first offer today to workers at the Teesport refinery, Cleveland, where members of the Transport and General Workers Union are claiming substantial increases.

Shell is expected to emphasise the continuing depressed state of the refinery business, with little sign of a recovery. Refineries throughout the UK oil industry are running at little more than 60 per cent of capacity.

National negotiations for process workers at Shell's four refineries and the chemicals complex at Carrington, near Manchester, have been abandoned following a constitutional dispute last year between branches of the TGWU.

The branch at Stanlow, Merseyside—the biggest refinery, which received much of the company's recent investment—appears to feel that it is stronger negotiating locally. TGWU officials at the other sites, however, feel that abandoning the national talks strengthened the company's hand.

Stanlow workers are expected to claim rises of roughly 14 per cent on Friday. Carrington workers have claimed 20 per cent increases on basic rates and shift pay, along with improved holidays and a holiday bonus. They believe this will restore their purchasing power

The Shellhaven branch, Essex, is claiming 20 per cent rises in basic rates, improved shift pay and more holidays. Workers at Ardrossan, Strathclyde, also want 20 per cent on basic rates.

The settlement date is October 1. Grading structures differ widely between the plants. A mid-grade operator at Carrington, for instance, earns a basic £6,795 a year plus a shift allowance of £1,815.

Targets for health pay action name

By Ivo Dawnay, Labour Staff

DETAILS of the TUC hea service unions' "rolling p gramme" of regional days action were released by t TUC last night.

The new campaign, air at bringing further press on the Government to impr its offers of 7.5 per cent nurses and 6 per cent other health service grou begins with a one-day st page on Merseyside next M day.

This will be followed similar strikes—backed sympathy action from n NHS workers in ot Regional Health Authorit So far reported strike d are: Northern Reg (October 5); Yorksh (October 6); N. Irel (October 7) and the So East (October 8).

The second week, beginn October 11, will start wit day of action in Wales. Thi followed by the North W (October 12); the East M lands (October 13) and West Midlands (October 1

Dates for the remain regions are still to be agr A national lobby of Parliam by NHS staff is scheduled October 19.

The impact of the T national Day of Action week continued to be yesterday. In Birmingh over 70 print workers defied their union's st call crossed a picket i mounted by Natio Graphical Association bra

Printers at the Studio P in Ashton were warned they could lose their u membership cards if t ignored the picket, man ment claimed.

Welsh 'Riviera' plans unveiled

By Robin Reeves, Welsh Correspondent

THE WALES Tourist Board yesterday unveiled plans to promote the development of 12 major sailing centres with first class marina facilities around the Welsh coast.

The board hopes to provide the basis for an integrated cruising area or Welsh "Riviera" to encourage yachters from UK cities and overseas to use the Welsh coastline.

The initiative is the result of a study by consultant engineers Wallace Evans and partners, with the assistance of the Welsh planning, economic and industrial development advisers (Peida).

The study identified 14 sites suitable for major development and planning for construction is already under way at Swansea, Bangor and Pwllagli.

The strategy envisages creating accommodation for some 6,000 boats. It also foresees the marinas acting as a catalyst for the development of shops, hotels, restaurants and other amenities.

The Wales Tourist Board has worked out the initial cost estimates for each of the 14 schemes. While it is looking to the private sector to fund the cost of each marina, it will back developers, as far as possible, from its tourist industry financial aid schemes.

The Welsh Development Agency and the Development Board for Rural Wales, which both helped pay for the study, have agreed to back the strategy from their own resources. Financial aid will also be available from the European Investment Bank and the EEC regional development fund.

● The Welsh Development Agency has disposed of a £24,000 preference share investment, made in November 1980, in U-Save Insulation of Ebbw Vale for nearly £85,000, a profit of more than 250 per cent.

U-Save, launched two years ago to make insulation material from re-cycled newsprint, has redeemed the preference shares three years ahead of its original financial schedule.

The WDA's profitable investment in U-Save follows its recent success in selling 500,000 ordinary shares in *Bio-Isolates of Swansea* for an average price of 60p a share.

Receiver sells Carron sinks division to former managers

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

FOUR SENIOR managers of a division of the Carron iron works in Scotland have bought the company's stainless steel sinks division from the receiver.

The ironworks, founded in 1759, whose armaments were used by Lord Nelson on board the Victory at Trafalgar and by the Duke of Wellington at Waterloo, called in the receiver at the beginning of August with debts of over £11m.

The joint receivers, Mr Hamish Armour and Mr Frank Mycroft of Deloitte, Haskins and Sells, have hunted for buyers for all or part of the works which are based at Falkirk, near Grangemouth.

While the stainless stell sinks division offered the most hope of finding a buyer, the iron works and plastics division of Carron were given little hope of resuscitation.

An announcement yesterday from the receivers said that Mr Roy Mitchell of the stainless sinks division and three fellow managers, Mr Manolo Blazquez, Mr John MacLeod and Mr Stephen Elster, were to form a company to trade as Carron Stainless Products Ltd. About 130 jobs are to be saved at the ironworks, which employed 450 at the time it went bankrupt.

The managers made their offer following a decision by the Walter Alexander Group of Glasgow, with interests in building and motors, not to follow through an offer for the sinks division.

The sale, when finally completed, is expected to involve equity, preference shares, government grants, loans and an overdraft.

A statement from the Bank of Scotland said that following an approach from Mr Mitchell, Mr Brian Rankin of Thomson McLintock was appointed advisor to the managers to assist in raising finance.

The Bank of Scotland, the Industrial and Commercial Finance Corporation in Edinburgh, the Scottish Development Agency and the Scottish Economic Planning Department were all involved in producing the financial package.

The bank says the package was put together in less than 20 days and will be finalised by October 1.

The Bank of Scotland statement added that the new company would not be overburdened with debt and would be working from a sound financial base.

Condensate and gas find for Superior Oil

By Ray Dafter, Energy Editor

SUPERIOR OIL, based in Houston, Texas, has discovered natural gas and oil in its first well drilled in concession 22/5b, more than 160 miles north-east of Aberdeen.

The exploration consortium, led by Superior, is planning further drilling in the block to evaluate the find's commercial viability.

The drilling oil rig Ocean Victory has identified reserves of natural gas and condensate (very light oil) in several sections of reservoir rock above a total drilling depth of 12,905 feet.

Superior said that one interval produced gas at a maximum rate of 21.7m cu ft a day, together with 988 barrels a day of "hydrocarbon liquids." A second interval flowed gas at a maximum rate of 23.3m cu ft a day along with 1,084 b/d of light oil. The third section of rock which was tested yielded oil at a rate of 120 b/d.

Superior is operator for the licence awarded in the last, seventh round of concessions. The consortium comprises: Superior Oil (UK)—40 per cent; Third Triton Petroleum—20 per cent; Volvo Petroleum UK—15 per cent; Guthrie Energy Developments—10 per cent; General Oil—9.5 per cent; Second North Sea Oil and Gas—1.7 per cent; and Third North Sea Oil and Gas—3.8 per cent.

● British Petroleum said yesterday that it had linked an oil production well drilled by Texaco in block 20/5 to the Buchan Field's production system on the neighbouring block 21/1.

The well will help to sustain Buchan's output at up to 72,000 b/d although it will not be used to boost the production figure beyond that.

The well lies 2.5 km west of the Buchan floating production platform and brings the number of producing wells to eight.

Mark Meredith writes: British Gas has awarded a second contract for a steel platform frame for the Morecombe gas field in the Irish Sea to RGC Offshore in Methil, Fife.

The yard earlier this month won an £11m order for a frame for the central processing platform in the Morecambe field. The latest contract, said to be worth several million pounds, is for the supports for the accommodation platform. The frame will weigh about 2,000 tonnes.

Private street cleaning will cost 100 council jobs

BY DAVID GOODHART, LABOUR STAFF

AT LEAST 100 council workers in the London Borough of Merton will lose their jobs following the decision of the council's technical services committee to privatise refuse collection and street cleaning.

The decision to accept the tender from Taskmasters—a subsidiary of the Alfred Marks Group—still has to be ratified by the full council but the recommendation is unlikely to be overturned.

A mass meeting today of the 219 dustmen and street cleaners will express disappointment at the decision and press for the best possible redundancy terms, but union officials said there would be no repeat of the bitter industrial actio nover privatisation in neighbouring Wandsworth.

The only other serious contender for the contract was the direct labour group which planned to cut 41 jobs and reduce costs over a five-year period from the present estimate of £11.7m to £9.4m.

The direct labour tender would have cut costs by about £500,000 a year, but Taskmasters hopes to save the council £750,000 a year and cost £8.5m over a five-year period. That figure also includes the £500,000 cost to the council on redundancy payments.

Taskmasters will cut the number of refuse collectors from the present 13 5to 68 and the street cleaners from 84 to 27. The cut in the number of street cleaners will be achieved by using the Schmidt Modular Sweeper, according to Mr Philip Lloyd, chairman of Taskmasters.

Merton is the third London Borough, alongside Wandsworth and Kensington and Chelsea, to hand over refuse collection or street cleaning to private companies.

Navy orders four minesweepers

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE Royal Navy has ordered four minesweepers at a cost of £19m from a private UK shipyard. They will replace wooden-hulled vessels built in the 1950s.

The minesweepers will be built by Richards (Shipbuilders), a subsidiary of Tate & Lyle, at its Lowestoft and Great Yarmouth yards.

Richards also designed the ships, which will be built totally of steel. About half of the contract sum will go to the shipbuilding company and the rest on other equipment, services and spares.

The 800-tonne ships will replace the Royal Naval Reserve's minesweepers and improve the navy's mine counter-measures capability. It plans to order more ships of the same type later.

Richards (Shipbuilders), then known as Richards Ironworks, also built 10 of the previous generation of these minesweepers, all named after villages ending in "ton."

Between 1953 and 1960, a total of 118 "Ton" class minesweepers were built by various yards. They had double mahogany hulls. About 30 are now left, used also as patrol boats in Hong Kong and for fishery protection.

Furness Withy denies asset-stripping

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FURNESS WITHY, the British shipping and offshore group, has denied trade union claims that it has been asset-stripping or transferring tonnage to cheaper non-UK flags since its takeover two years ago by the C.Y. Tung Group of Hong Kong.

In a letter to employees, Mr John Keville, chairman of Furness Withy (Shipping), said 14 ships had been sold this year.

"It is not our connection with the Tung group which has imposed this contraction, but simply the combination of rationalisation and the appalling state of world trade," he wrote.

Earlier this month, the National Union of Seamen called for a Government inquiry into the reduction in the Furness Withy fleet. Mr Sam McCluskie, assistant general secretary of the union, wrote to Lord Cockfield, the Trade Secretary, alleging asset-stripping.

The NUS said yesterday that it was sending material setting out its own views on Furness Withy ships to its members. After they had read this and the company's letter, the union would hear what they had to say.

Mr Keville said: "We have seen this year a complete collapse of the dry bulk market which has now joined the tanker market on the sea bed." No general improvement was likely for about two years.

But he affirmed in the letter that the company would stay in shipping. It had just ordered from South Korea a $39m (£22.9m) container ship for the South American service

Mr Keville said Furness Withy's immediate future in shipping lay in liner trades, operating on regular runs at agreed rates.

He gave figures showing a daily loss of some £2,050 on the bulk carrier Lynton Grange, which is up for sale. The group had five bulk carriers losing at this rate, he said, which would total £3m-£4m a year. Four were sold earlier this year, fetching $30m before loan repayments, but their value today would be only about $22m.

By the end of the year, the group, which made most of its money in 1981 from offshore activities, will employ some 650 officers against 950 at the start. The number of ratings will be down over the year from 820 to 600.

TUC in pensions campaign

BY OUR LABOUR STAFF

THE TUC will today urge public service unions to adopt a common strategy on pensions, paralleling the joint action in the public sector on pay.

A report by the TUC public pensions group, published today, warns that public sector pensions are inferior to private sector agreements regarding death benefits and early retirement through ill health.

The report calls on public sector unions to co-ordinate their approach on the issues.

This will involve: demanding a lump sum death benefits equivalent to two years' earnings, rising to three after long service; establishing a five-year pension guarantee after retirement to replace death benefit; improving the "added years" scheme to ensure those dying while making additional payments are compensated for the years intended to be purchased; and giving credits for prospective service where an employee has been forced to take early retirement through ill-health.

Scott Lithgow 'crossword' strike continu

A STRIKE by 300 shipy workers at Scott Lith Clydeside continued yester after a mass meeting voted 114 to 67 to defy a un official's recommendation return to work.

The stoppage follows a last week when one wo was sacked and anot suspended for a month doing a crossword, publis in the Financial Tin during working hours.

The company fears strike could hold up deliv next month of a 106,000 tanker, British Spirit. BP-ordered vessel is alre 10 months past its complet date, and incurring S Lithgow heavy finan penalties.

A member of the str committee said last night t they would meet managers talks aimed at agreeing reinstatement of the two sl stewards.

Civil Service unions draw clos

BY DAVID GOODHART, LABOUR STAFF

AMALGAMATION of the two largest trade Unions in the Civil Service drew closer yesterday with the publication of a joint statement underlining the benefits of merger from the executives of the Civil and Public Services Association and the Society of Civil and Public Servants.

The merger would create a 300,000-strong union covering staff from the lowest clerical grades to senior administrators.

Talks between the two executives have been continuing for the past few months after the conferences of the two unions gave the go-ahead for discussions.

The statement said: "One union representing the great majority of office and administrative grades in the Civil Service will represent a much more effective bargaining force against an increasingly hard-line management and Government.

"Whether it be pay, Megaw, manpower cuts, Rayner scrutinies, or new technology, the threats to our members are real and menacing and we need to stand united against them."

The benefits of amalgamation in the Post Office, British Telecom, and the National Girobank are explained as well as the general advantages of better research, education, and legal services, less duplication of administration, and a stronger collective voice at the TUC.

The executives of the two unions have been pushing amalgamation for several years but following rejection by the CPSA conference in 1976, the approach has been more cautious this time. It is hoped a merger timetable will be presented before both union conferences next year.

CPSA and SCPS members work together in the administrative sector of the Civil Service but in 1976 many CPSA members, mainly clerical workers, felt their special needs as low-paid workers would be overlooked in a merged union. At the same time SCPS members, mainly executive grade staff, feared the larger numbers of the CPSA would impose unacceptable policie branch level.

Since then joint policies pay and new technology been developed and joint in trial action was taken in and during the 22-week dis in 1981.

The statement says: "Fol ing that dispute it is al impossible to envisage mem of either trade union ta action on a major nati issue alone."

However, there are a number of organisati differences between the unions that may cause probl For example the 209,000-st CPSA elect their full-time cials for a five-year period *the 100,000-strong SCPS* app their officials. There are differences in the way the unions consult their mem about industrial action.

● Merger talks between main unions in the Post O and British Telecom are continuing under the direc of Mr Ken Graham, assis general secretary of the TU

Ford urges expanded role for chambers of commerce

Alan Pike looks at a plan to stimulate youth training which involves industry at local level

A NEW role for Britain's chambers of commerce may be found in operating the Government's Youth Training Scheme, due to start this time next year.

Many employers are concerned that local control of the scheme should be as firmly as possible in the hands of industry.

The difficulty facing industrialists urging this view on the Government is that in many parts of the country there are no business organisations with obvious qualifications for taking on the task. But the Ford Motor Company, in a submission to the Manpower Services Commission, suggests that the chambers of commerce "must quickly be stimulated" into doing the job.

In West Germany chambers of commerce have primary responsibility for administering the nation's industrial training system. While Britain has some streamlined, well-staffed chambers on the German model, many local organisations are

Ford acknowledges in its submission to the MSC that there are "fundamental weaknesses in the way industry and commerce represents itself at local level," and that chambers of commerce would need to be revitalised and expanded to take on training functions. But, it argues, the Youth Training Scheme provides a motivation and means of raising the status of local chambers.

"We cannot emphasise strongly enough that the MSC ought to be exploring ways of encouraging chambers of commerce and industry to be the centre of gravity of local employer commitment. The danger, otherwise, is that the local authorities will move into the vacuum and no one, we believe, wants that to happen."

Large employers like Ford will be relied upon by the MSC to provide many of the places on the Youth Training Scheme, under which young people will receive a year-long programme of work experience, training and further education. But a high proportion of any permanent jobs that result from the scheme are likely to be with much smaller employers.

Ford executives believe small businesses must be drawn into the scheme from the beginning, and that unless it is run in the least bureaucratic way possible by industry itself such companies will opt out.

One possibility would be for local chambers of commerce to become managing agents of the Youth Training Scheme. Organisations appointed as managing agents will receive £100 for each trainee they supervise, and chambers could use this money to employ training staff.

Under Ford encouragement the Barking and Dagenham Chamber of Commerce—of which the motor company is the biggest member—is trying to move into the training area. It has already built up strong industry-education contacts with local schools. Mr Philip Jackson, chairman of the education sub-committee, is consulting members on the possibility of the chamber becoming a managing agents for the new training scheme.

"Too often chambers of commerce restrict themselves to making annual representations to the local authority on the rates, and are treated by many of their members as no more than a club," he said. "I believe the Youth Training Scheme provides us with both an opportunity and a duty to go beyond this. If the scheme is going to work efficiently it has to be in a local environment, with employers feeling as close as possible to what is going on. Chambers of commerce are ideally placed to achieve this."

Where nuclear power stations break down

By David Fishlock, Science Editor

THE NUCLEAR industry is failing to meet the very high standard of realiability it once set for itself at its nuclear power stations. This is one important conclusion of a computer program which has been analysing the performance of the world's nuclear stations.

Where in the past it has been customary to assume that a nuclear station will generate power for 80 per cent of the time, it is now thought more prudent to assume only 65 per cent. But there are important exceptions, such as the nuclear stations designed and built by the Swedes and the Canadians.

What is not clear—because the experience is simply not there—is whether the plants used by the Swedes and the Canadians would perform as well if built by someone else. Or whether, had these nations adopted another type of reactor, they would have got a better performance from it.

Many new insights into nuclear plant performance are springing from a computer program called PRIS—power reactor information system—written by engineers with the International Atomic Energy Agency in Vienna. PRIS uses the data meticulously logged by the IAEA for over two decades on the behaviour of the world's nuclear stations.

PRIS embraces more than 1,760 reactor-years of operation—some two-thirds of the world's total experience so far. Moreover, this body of experience will double over the next five years.

At the touch of a button PRIS can already produce data on some 9,000 outages—spells during which plant was out of action—over the last ten years. This data shows that while both steam generators and turbo-generators are prone to break down from time to time, the latter is a well-understood component, usually quickly restored to service, while the steam generator is a relatively new and still troublesome plant item.

Heading the PRIS project is Dr Robert Skjöldebrand, former project manager of one of Sweden's first nuclear stations and now a senior executive of the IAEA. He is working closely with the World Energy Conference, whose interest extends to the performance of power plant of every kind. So far, the overall performance of nuclear plant appears to be very similar to that of fossil-fired plant. But it falls short of the higher performance expected as a consequence of designing nuclear plant for lower levels of maintenance.

The vital question, of course, is just where the nuclear plants are breaking down.

Dr Skjöldebrand admits that although he reports for the project to a Russian IAEA deputy-director, PRIS has been unable to obtain generation data on either USSR or East German nuclear plants—about 40 reactors. But he contends that the omission is due to bureaucracy and to the fact that two different state committees build and run the plants. In the USSR the IAEA's links are with the one that builds the plants, not the one that operates them.

In fact, much of the missing data is being supplied in papers to the IAEA. But it is not being supplied in the format requested by PRIS and Dr Skjöldebrand takes the view that partial data can be worse than no data to a project like PRIS. All other Comecon countries are collaborating in the project, however.

The data PRIS wants is that required to calculate three different factors:

- Load factor—The ratio between the energy that a power plant has produced during the period considered and the energy that it could have produced at maximum capacity under continuous operation during the whole of the period.
- Operating factor—The ratio between the number of hours the power plant was on-line and the total number of hours in the reference period.
- Unavailability factors—The amount by which the available capacity is lower than the maximum capacity. There are two unavailability factors, one associated with planned outages for refuelling and maintenance and the other associated with unplanned outages (breakdowns).

It is the unique data on unavailability which distinguishes the PRIS data bank from other attempts to assess reactor performance.

The table compares unavailability statistics for fossil-fired plant worldwide, culled by the World Energy Conference, with those for nuclear plant culled by the PRIS project. It shows little difference between the two kinds of fuel, but a bigger difference between countries in the case of fossil fuels and between reactor types and reactor sizes in the case of nuclear power.

Indeed, reactor size increased so rapidly between 1960-75 that there was never time to feed operating experience back into design. Some electricity producers managed to standardise design and construction methods enough to shorten construction times but PRIS says it is still too early to say whether it has paid off in improved performance.

Perhaps the most promising indication comes from load factor data for the French 900 Mw PWRs, which improved steadily to 65.4 per cent over the first three years of operation, compared with only 56 per cent for the third year of big PWRs generally.

In 1980, the last year for which full data on operating experience has been published, PRIS calculates that the world's nuclear reactors with off-load refuelling notched up an average load factor of 62.4 per cent. Compared with the 80 per cent once assumed by electricity planners, the shortfall represents a loss to the electricity industry over 23,000 Mw of generating capacity, and a powerful incentive to improve plant performance.

According to PRIS, the 9,004 breakdowns which afflicted nuclear stations between 1971-80 add up to over 1m hours of lost electricity production, totalling 550 terawatt-hours. The left-hand chart shows the causes of breakdown as a percentage of the electricity lost.

Much of the trouble evidently lies in the non-nuclear parts of the station, and mostly unconnected with nuclear safety. Equipment failure in the main heat removal system, steam generators and turbo-generators accounted for more than 41 per cent of unplanned outage time. Failures associated with the nuclear part of the station, including fuel, instrumentation and safety system, add up to only 12.4 per cent of unplanned outage time, to which regulatory restrictions have added another 5.2 per cent.

Failure of the steam generator are probably the most highly publicised kind of breakdown in nuclear plants. Steam generators are a feature of the pressurised water and pressurised heavy water (Candu) reactors. PRIS statistics indicate the loss of 4,463 days of operation in 67 nuclear plants between 1971-80. Eight of the outages lasted for more than 100 days and accounted for 43 per cent of the energy lost (see right hand chart).

One startling statistic thrown up is that more than half of the plants which suffered steam generator problems were stricken within the first year of operation.

Last year a new steam generator problem first appeared in the Westinghouse PWR at Ringhals in Sweden. The problem—tube vibration associated with miscalculations of force of the inlet water supply—has not yet been solved. When the latest PRIS statistics are published, within a few weeks, they will show that of 40 PWRs with steam generator problems, 24 are associated with this new problem, and with the one manufacturer.

Dr Skjöldebrand believes that what PRIS really needs to delve into, in order to assist both makers and users of nuclear plant, is the fine detail of nuclear component reliability, so that customers can see whose parts are reliable and whose are not. Such detail would be too embarrassing for the IAEA—an agency of governments—to publish. But diligent users of PRIS can deduce the detail by posing sufficiently sophisticated questions. And governments are always free to request data on the performance of a specific maker's reactors—as the Canadians have done with Westinghouse PWRs, for example.

The main non-nuclear component, common to all kinds of generating plant, is the turbo-generator. During 1971-80, PRIS recorded 778 breakdowns at 126 reactors costing 6,382 days of operation. More than 85 per cent lasted 10 days or less, but accounted for more than 24 per cent of the energy lost.

In contrast with steam generators, the 15 long outages—more than 100 days—claimed only 33 per cent of energy losses. Of these, eight were caused by turbine blade failure and another four by fires.

Of the 75 nuclear plants *afflicted by turbo-generator* troubles between 1971-80, three-quarters suffered outages during their first year in service.

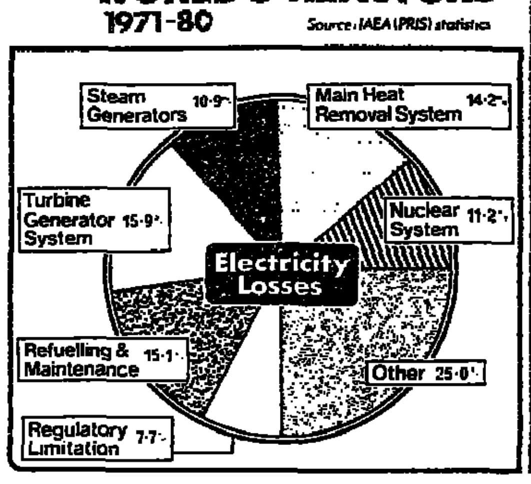
The raw material of PRIS is enshrined, year by year, in a book 3 cm thick, with three pages devoted to the performance of each nuclear reactor. The program, written by David White, an Australian engineer with the IAEA, is a versatile one that responds sympathetically to attempts to flush more specific answers on reliability from its burgeoning data bank.

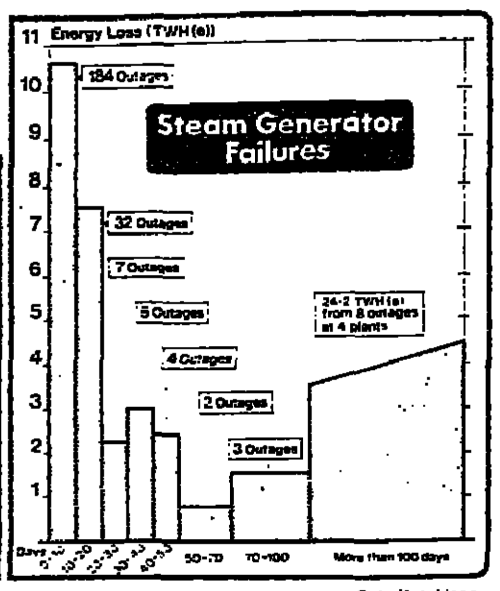
The project's own conclusion, after only 18 months, is that the big problems causing major losses of power from nuclear stations so far have not been related to safety but to design errors or failures of materials, of the kind which beset every industry that is developing rapidly. The project leaders believe that a careful and conservative approach to standardisation of major components, and to extrapolations in size and performance, should help avoid breakdowns in future.

As for the smaller nuclear breakdowns, they believe that operators themselves—guided by PRIS—can make a major improvement, mainly through better feedback of operating experience from similar plants and through better judgment.

RELIABILITY OF THE WORLD'S REACTORS 1971-80

Source: IAEA (PRIS) statistics





Bob Hutchison

UNAVAILABILITY IN POWER PLANTS

(per cent)

FOSSIL (1977-80)*

Size range 400-599 MWe: Europe	USSSR	U.S.	Other countries	Over 600 MWe: USSR	U.S.
28.3	28.3	30.5	21.5	21.3	32.5

NUCLEAR (1977-80)†

PHWR 100-599 MW	PHWR over 600 MW	GCR 100-599 MW	PWR 100-599 MW	PWR over 600 MW	BWR 100-599 MW	BWR over 600 MW
21.7	18.2	28.5	26.1	39.2‡	36.0	39.4

* World Energy Conference data. † IAEA data (PHWR, pressurised heavy water reactor; GCR, gas-cooled reactor; PWR, pressurised water reactor; BWR, boiling watetr reactor). ‡ Regulatory limits imposed after after Three Mile Island accident.

THE LABOUR PARTY AT BLACKPOOL

Bank reform preferred to state takeovers

A MOTION that a future Labour government would nationalise the banks was rejected yesterday and strong opposition was expressed by unions representing bank employees.

But the delegates agreed to reforms of the banking system, proposed by the national executive committee following a report by the financial institutions study group, which was set up in June 1981 to review Labour policy on the financial system.

Mr Doug Hoyle MP, speaking on behalf of the NEC, Tax; a national investment bank and creation of a new gave a warning that plans for nationalisation would be drawn up. If banks failed to make changes in response to proposals on public control and supervision, then public ownership could provide the only answer.

Thus plans would be prepared for the public ownership of one or more major clearing banks which the party would be fully committed to implement if the banks failed to co-operate.

The proposed reforms include: the Bank of England using powers under the 1946 Bank of England Act to exercise closer direct control over bank lending; a permanent new banking tax related to profits which would be paid in addition to Corporation Tax; creation of a new People's Bank. The new bank,

Jack Straw: call for renewed exchange controls

operating through post offices, would be created by merging the National Giro and the National Savings Bank.

Mr Jack Straw, a Labour Treasury spokesman said that during the 1970s the City had proved quite incapable of policing itself. "Let us never forget that the godfathers of monetarism lie deep in the heart of the City of London.

"The irony is that their power does not come from the use of their money, or that of their rich friends, but of our money in pension funds." This money was owned, but not controlled by working people.

Mr Straw said the pension funds should apply themselves to creating jobs in Britain. "To do that one of the first acts of a Labour government should be to reintroduce exchange controls."

The most bitter opposition to the motion for nationalisation of the banks came from Mrs Muriel Turner, assistant general secretary of the Association of Scientific, Technical and Managerial Staffs. She said she had explained last year at the conference why ASTMS could not suport such a motion.

"I explained that our members, and we have a large membership in the financial institutions, were concerned about job security and were deeply sceptical of the possibility of looking after this in any large-scale nationalisation plan.

The ASTMS supported the conclusions of the NEC report, which conference later accepted. Socialism, she said, could not be imposed. "You have to take people with you and that may mean going more slowly than many would want."

Mr Clive Wintle, of Colne Valley constituency party and a union official representing bank clerks, said many of his members feared nationalisation and loss of jobs. "I want to win people to the idea that nationalisation means protecting jobs."

Mr Kevin Whitston of Coventry North West party, which proposed the composite motion calling for nationalisation, said that without nationalisation a Labour government could not begin to rebuild the economy.

He condemned the NEC report as timid and added: "I do not think we should hesitate for one moment to repossess the fruits of our labour."

The NEC had said that the necessary administrative skills for public ownership of the bank did not exist. Mr Whitston quoted a study by the Financial Times and said it showed that present management of financial institutions, in particular banks, was class-based, sleepy, unsparkling and inbred. "Surely we can do better than that."

Ovation as Foot looks to TUC for co-operation

LABOUR is in a stronger position than any other party to offer the nation an escape route from the present catastrophic industrial slump, because of its close alliance with the trade unions, Mr Michael Foot, the party leader, claimed yesterday.

While carefully avoiding any specific proposals he looked to co-operation from the TUC in fashioning a new and broader understanding in advance of the next Labour government. This would be designed to prevent any repetition of the

Reports from John Lloyd, Margaret van Hattem, Ivor Owen and Lisa Wood. Pictures by Terry Kirk.

winter of discontent which preceded the demise of the Callaghan Government in 1979.

Mr Foot, who was making his main conference speech, constantly underlined the need for the party to demonstrate tolerance, when it is unable to achieve complete unison of view, if it is to restore its appeal to the electorate in the run-up to the next general election.

He reaffirmed his support for earlier conference decisions which still divide much of the party — notably the commitments to unilateral nuclear disarmament and withdrawal from the European Common Market—and was accorded a prolonged standing ovation.

Michael Foot: constantly underlined the need for tolerance to be demonstrated within the party

The contrasting impacts which the speech made on different sections of the party was demonstrated by the glum silence of Mr Denis Healey, the deputy leader, and the delighted cheers of the Left when Mr Foot reached out to embrace the supporters of the Campaign for Nuclear Disarmament and the anti-Marketeers.

But the continuing resentment of the hard Left following its failure to prevent the axe of expulsion being poised over the heads of the extremist adherents of the Militant Tendency was reflected by Mr Tony Benn's action in refusing to join with most other members of the platform party in the standing ovation for Mr Foot. Mr Benn clapped but remained seated.

Mr Foot made it clear that the main objective he will be pursuing in trying to reach a new agreement with the TUC is acceptance of policies designed to get unemployment down to less than 1m in five years and to provide a fairer deal for the low-paid.

He emphasised that an undertaking to get unemployment down to less than 1m in such a period would be "a huge commitment."

To cheers, he warned delegates that there would not be the slightest chance of it being achieved if "you have a Labour Government quarrelling with the TUC."

Mr Foot denied that the national assessment in which he and other Labour leaders have already invited the TUC to join was a "code name" for an incomes policy.

He recalled his role in dismantling the machinery established by the Heath Government in restating his opposition to a statutory incomes policy.

In a placatory passage addressed to the miners, Mr Foot reminded them that two of the best pay settlements they had obtained in the last 30 years were made under the last Labour Government's social contract.

He insisted that there was little chance of the present Government leading the nation to economic recovery while it slammed the door in the face of the trade unions.

In condemning the attitude to the unions of the Social Democratic-Liberal Alliance, he forecast that the Social Democrats would not have enough MPs in the next House of Commons to have "a three-way split" on Labour's Bill to repeal the Tebbit legislation.

Mr Foot promised that a Labour government would conform with Britain's treaty obligations in negotiating withdrawal from the Common Market.

Amid cheers from the left wing he described nuclear disarmament as "the greatest task" and signalled his continuing personal commitment to a unilateralist policy by declaring that he remained a supporter of the Campaign for Nuclear Disarmament.

Mr Foot accepted that wider progress on nuclear disarmament was unlikely to result from Britain's setting an example by renouncing nuclear weapons. But he contended: "If we insist on saying we will retain our nuclear status whatever happens, then a lot of other countries will do the same."

Mr Foot sought to achieve the pacification of his own party by declaring: "We have to revive the compassion, the tolerance, the good nature, the good will of our movement on a scale we have never done before."

Strong line taken over privatisation payments

CONFERENCE approved a Labour Party statement on renationalisation of concerns privatised by the present government, with the commitment only to pay shareholders exactly what the Government received. No allowance would be made for inflation.

However, a composite motion moved by Mr Terry Duffy of the Amalgamated Union of Engineering Workers, which the NEC had asked to be remitted, was put to a card vote. The results will be known today.

In the past two days only one motion, which the NEC asked to be remitted, has been approved.

The NEC asked for the motion to be remitted because it did not take into account the numbers of workers who have bought shares in denationalised concerns and pension funds which have bought shares in such companies.

The AUEW motion demanded renationalisation of all industries and sections of industries already denationalised by the Conservatives. Compensation would only be given on proven need and at a level which ensured the recipients did not gain from their investment." The NEC statement did, however, make an implicit distinction between private speculators and workers buying into companies.

Mr Roy Evans, speaking on behalf of the NEC, said that when the Conservatives announced the intension to sell public assets "on the cheap" the Labour Party adopted a plan to renationalise without compensation.

But now accounts have to be taken of the fact that workers had taken up shares in companies like the National Freight Corporation. "The trade unions have therefore become indirectly involved," he said.

Because of this the TUC, the NEC and the Shadow Cabinet have taken an approach which takes account of this development, with the state simply refunding the original amount.

Mr Terry Duffy, moving the motion, said the question of compensation was causing problems for the NEC because of the problem of "people who have been conned by the Government."

If an election was going to be won, the Labour Party would have to tell people who had purchased these shares that their pension would not be affected. "But let's not be technical about it," he said.

Mrs Ann McGuire, of East Dunbartonshire Constituency Labour Party, urged conference to take care. The instinctive reaction of Socialists was for no compensation on renationalisation. "We are in danger, however, of taking away some of the benefits that trade union occupational funds have gained from these investments. "She urged conference to "take it easy."

Mr Bryan Stanley, general secretary of the Post Office Engineering Union, spoke of the privatisation of British Telecom. "To be successful the Government will have to offer the shares at knockdown prices. This will raise money, not for investment in telecommunications but to provide money for election winning tax cuts and finance massive levels of unemployment," he said.

On Wednesday, October 20, he said, there is to be a day of action against the privatisation of British Telecom. The Post Office Engineering Union is to make it a one-day stoppage by all its 122,000 members in British Telecom. "We call upon the whole Labour movement to join us in our struggle," he added.

Door ajar for reimbursement of unions

DESPITE PRESSURE from rank and file delegates the party leadership avoided giving an outright commitment that the next Labour administration would reimburse the trade unions for any financial penalties they incur under legislation introduced by the Thatcher Government.

Mr John Golding, MP for Newcastle-under-Lyme, who spoke on behalf of the national executive committee, also refused to endorse demands for a one-day general strike.

Mr Bruce Hurst, from Eccles, who seconded a resolution calling for support for all workers who defy the law, urged that the general strike should take place on the day that the first trade unionist is penalised by the provisions of the so-called Tebbit Bill.

Mr Golding left the door open on the use of public funds to reimburse unions for any penalty imposed on them under the Government's employment legislation by recalling that the NEC had already agreed to discuss the issues with the TUC.

The nearest he came to encouraging hopes that the talks would lead to a policy commitment was a promise that the retrospective action taken by the present Government to provide compensation for National Union of Railwaymen members who lost their jobs through the operation of the closed shop would not be over-

Mr Golding, who invoked the authority of Mr Michael Foot when reaffirming the party's undertaking to repeal all anti-trade union legislation, firmly distanced the leadership from calls for a general strike aimed at bringing the Government down.

He insisted that it was not for the constituency parties or any other political wing of the movement to call for a general

"That is for the trade unions themselves—if they so decide."

Mr Bill Keyes, leader of the print workers' union, Sogat, said that the fight against the government's anti-union legislation would lead to British industry becoming a battlefield.

He accepted that sympathy action might in some cases involve defying the law. To cheers, Mr Keyes stressed: "I make no apology for that."

He saw the workers' action as the beginning of "a long, hard road."

Mr Richard Venton from Birkenhead scoffed at Mr Tebbit's claim that his legislation would "neuter" the unions. Mr Tebbit, he said, would be impotent in the face of class solidarity and he urged a 24-hour general strike as the first step in a campaign to force a general election.

The conference approved a composite resolution declaring that the next Labour Government should promise retrospective legislation to provide for the reimbursement of any fines levied against trade unionists as a result of Tory measures.

On the recommendation of the national executive a resolution advocating a 24-hour general strike was defeated by 5,507,000 votes to 1,307,000.

Conference faces: Harriet Harman, Labour candidate for the Peckham by-election, Joel Barnett MP and James Callaghan, former Prime Minister.

Polls show gulf between constituencies and unions

THE GULF between the constituency Labour parties and the unions was demonstrated graphically yesterday in the results for the elections to Labour's national executive committee.

The unions replaced two left-wingers by a right-winger and a left-winger in the union section, and a left-winger by a right-winger in the women's section, which they also control.

This contrasts starkly with the replacement of the soft-Left Miss Joan Lestor by the hard-Left Mrs Audry Wise, in the constituency group.

The extent of the Right's victory, however, goes beyond the voting figures. For the right-winger put on the NEC is Mr Tom Breakell, president of the Electrical and Plumbing Trades Union, and the object of bitter left-wing hatred.

In contrast, one of the two left-wingers taken off was Mr Eric Clarke, general secretary of the Scottish miners. His unseating means that the National Union of Mineworkers is without a representative for the first time since the formation of the modern union after the war.

Mr Arthur Scargill, the union's president took it very hard. "The gloves are off and it's a bare-knucle fight," he said afterwards. "I'm very angry, and when I'm angry people had better look out. We won't rest until the right-wing is swept off the executive. They have themselves to blame if the party is divided in an election year."

For his part, Mr Breakell immediately signalled his intention to push for the deposition of Mr Tony Benn from chairmanship of the home policy committee. "I believe Mr Benn's usefulness as chairman is ended," he said.

The unions also removed Mrs Joan Maynard and put on Mrs Anne Davis, a member of the party's West Midlands executive, in her place. That means that the leading union left-winger remaining on the NEC, Mr Sam McCluskie, deputy general secretary of the National Union of Seamen, now becomes chairman of the party in place of Miss Maynard.

Mr McCluskies is a big amiable, 50-year-old east coast Scotsman. He is also shrewd and evidently loyal. A left-winger,

Sam McCluskie: all for unity and discipline

who yesterday expressed his horror over the removal of the NUM from the executive, he is all for unity and discipline.

"I would like to see the NEC become more like a union executive — well-organised and united once decisions were made. No disrepect, but politicians need a firm hand and I hope that I can give that."

Mr McCluskie also hopes to keep his profile high in a likely election year. His message will be that the unions and the party are agreed on policy and capable of governing the country

He admitted yesterday that his task in keeping the new NEC together might be hard, with the newly-arrived right-wingers anxious to widen the "purge of Militant" to its farthest permissible boundaries.

It is only one of yesterday's many ironies that a union left-winger should preside over an executive pushed to the Right by the unions. But inside Mr McCluskie's bulk there is a wealth of experience at making deals and finding quiet compromises.

Right-wing NEC gains a mixed blessing for party leader

RIGHT-WING gains in yesterday's elections for the national executive committee are likely to prove a mixed blessing for Mr Michael Foot, as party leader.

He can now count on a 2-1 majority for moves to discipline the far Left, particularly on the immediate problems of dealing with the Militant Tendency.

But he can expect considerable behind-the-scenes pressure from the Right should he seek to conciliate the Left. The Right now holds an outright majority on the executive and may be hard to restrain in its attempts to recover ground lost in the past few years.

Its first move could be the removal of Mr Tony Benn and Mr Eric Heffer from the chairmanships of the influential home policy committee and organisation sub-committee. Last year, Mr Foot was able to dissuade the Right from similar moves with a plea for a period of reconciliation. This year, the Right feels little obligation to compromise.

It is also expected to demand the expulsion of the eight Militant supporters who have been selected as parliamentary candidates. This could put a heavy strain on the present Centre-Right coalition.

Although Mr Foot has said that, at present, the candidature of the Militant supporters is unconstitutional, their willingness to sever all formal links with the Militant newspaper and organisation might neutralise his objections, forcing him to uphold their right to stand. Mr Jim Mortimer, the new general secretary of the party, is expected to play a decisive role in resolving this problem.

Miss Joan Lestor, MP for Eton and Slough, who lost her place on the national executive through the withdrawal of left-wing support following her failure to vote for Mr Benn in last year's election for the deputy leadership, received a consoling word from Mr Foot.

He praised her work as the party's spokeswoman on women's rights and told the conference he hoped it would not be long before she was carrying out the same task in a Labour Cabinet.

The six changes on the executive give the Right a net gain of two. In the trade union section, Mr Tom Breakell, of the right-wing electricians' union, replaces Mr Eric Clarke, the left-wing miners' representative. The two other changes do not affect the balance. Mr Tow Sawyer, of the public employees' union, replaces Mr Doug Hoyle, of the white-collar ASTMS—both are left-wingers —and Mr Ken Cure, of the engineering workers, replaces Mr Gerry Russell of the same union.

In the affiliated organisations section, Mr John Evans, parliamentary private secretary to Mr Foot and a devoted ally, replaces the staunchly left-wing Mr Leslie Huckfield.

As expected, the Left gained in the constituencies section. Mrs Audrey Wise, a prominent left-winger, ousted Miss Joan Lestor, whose support for Mr Foot alienated many of her former supporters in the London constituencies. Mr Neil Kinnock, who was under similar attacks from the Left, survived with only a marginally reduced vote.

The Right offset this loss in the women's section where organised support from the unions enabled it to oust Miss Joan Maynard and instal Mrs Anne Davis, wife of Mr Terry Davis, MP for Birmingham, Stechford, and a former parliamentary candidate.

Miss Maynard, had she survived, would have become the next party chairman. The post is now expected to go to Mr Sam McCluskie, of the seamen's union, with Mr Eric Heffer, the front runner for vice-chairman.

In holding the centre, Mr Foot can count on the close support of Mr Evans, Mr Kinnock and Mr McCluskie. Mr Denis Healey, the deputy leader, is expected to continue to support him on all votes, but must be included in the right-wing bloc which now comprises nine trade union representatives, four in the women's section and the treasurer, Mr Eric Varley, who was re-elected with a big majority.

The Left now comprises six

Joan Maynard—deprived of the party chairmanship

of the seven constituency representatives, excluding Mr Kinnock, Dame Judith Hart in the women's section, Mr Sawyer and Mr Alex Kitson of the transport workers in the unions section, and the yet-to-be-appointed representative of the Young Socialists.

The danger for Mr Foot is that the Right will wreak vengeance on the Left for past humiliations reducing it to impotence on the NEC.

The removal of Mr Heffer as well as Mr Benn from committee chairmanships would leave the Left with virtually no regular platform at Westminster—a situation certain to exacerbate the split between the constituencies and the parliamentary party. That would expose Mr Foot to the sort of extra-parliamentary attack which he must, at all costs, avoid in an election year.

The results of the elections were:

Union section: Alex Kitson (TGWU) 5,948,000, Neville Hough (GMWU), 5,551,000, Sam McCluskie (National Union Seamen), 5,455,000, Syd Tierney (USDAW), 5,349,000, R. J. Tuck (NUR), 5,241,000, Ken Cure (AUEW), 4,643,000, Alan Hadden (Boilermakers), 4,596,000, John Golding (POEU), 3,822,000, Tom Breakell (Electricians), 3,657,000, Tom Sawyer (Nupe), 3,541,000, D. O. Williams (Cohse), 3,500,000, R. L. Evans (ISTC), 3,371,000.

Socialist Co-operative section: John Evans (National Union of Labour and Socialist Clubs) 32,000.

Constituency section: Tony Benn (Bristol South East) 485,0000, Dennis Skinner (Bolsover), 445,000, Eric Heffer (Walton), 444,000, Frank Allaun (Salford East), 379,000, Neil Kinnock (Bedwellty), 325,000, Jo Richardson (Barking), 331,000, Audrey Wise (Woolwich East), 301,000.

Women's section: Judith Hart (Lanark), 4,423,000, Anne Davis (Bromsgrove), 3,850,000, Betty Boothroyd (West Bromwich West), 3,794,000, Gwyneth Dunwoody (Crewe), 3,783,000, Shirley Summerskill (Halifax), 3,771,000.

Treasurer: Eric Varley, 5,190,000 votes (defeating Michael Meacher, 1,736,000).

Mr Michael Foot and Mr Denis Healey were re-elected unopposed. The other member of the executive, Mr Laurence Coates, is elected not by the conference but by the Young Socialists.

Margaret van Hattem

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TECHNOLOGY

EDITED BY ALAN CANE

Computers in the steel foundry

Rival views of the best metal casting program

BY ALAN CANE

GENTLE rivalry has broken out between the UK's major foundry supplies company and the steel castings trade association over the best way to computerise foundry practice.

Foseco Foundry Products, part of Foseco Minsep, the specialist chemicals company which supplies foundry materials to most of the world's biggest steel-making concerns, has developed a computer program called "Feedercalc" to simplify the complex calculations required to make a sound steel casting.

The Steel Castings Research and Trade Association (Scrata) has developed a program called "Crusader" to carry out the same chore.

Both are convinced their approach to the problem is the right one. Dr David Atterton, chairman of Foseco Foundry Products believes that Feedercalc is "the most significant development for foundry technology that Foseco has ever made."

He went on to say: "We have taken a foundry practice that depended on experience and quantified it. I would not say there was rivalry between Scrata and ourselves—I think our approaches are ocmplementary."

What Foseco and Scrata have done is computerise the calculations that the foundry methods engineer has to make to ensure a sound casting.

As it cools, the steel casting shrinks in its mould and new molten metal has to be added through tapping points called feeders to make up the shortfall. If this was not done, the casting would be spoiled by cavities and faults.

Calculating the best places to site the feeders requires experience and takes time. For a complex casting weighing a tonne or more, it could take several hours.

Foseco and Scrata started out from different points in designing their programs. Mr Cliff Corbett, who wrote Feedercalc for Foseco, based his work on practical experience believing that theoretical models had limitations in practice.

Scrata, on the other hand, started with a theoretical model devised by the German Robert Wlodawer, which is commonly used by methods engineers. Dr Michael Ashton, assistant director at Scrata says: "We started with the theory and improved it rather than relying on the empirical approach. We supply the software in unprotected formats so a foundry can add routines suited to its own purposes."

What does the foundry business think of it all? Mr Jack Wiffen, chief methods engineer at Lake and Elliott, the Essex steel founders, has seen both programs and is cautiously enthusiastic about both.

He sees the programs as a valuable back-up aid for the methods engineer rather than something which will replace him: "No matter how good the program, you have to be able to ask the right questions—and that takes experience. But the lads in the shop have certainly learned a lot very quickly since we started using Feedercalc."

How big a change in foundry technique is the introduction of Feedercalc and Crusader? First, the foundry business is conservative and staid so any move to computerisation represents a break with tradition.

Second, there are clear advantages in time and money in improving feeding calculations.

Cliff Corbett—a foundryman by training—says underfeeding causes shrinkage porosity which means scrapping or repairing castings. Over feeding results in too many feeders, badly designed feeders, oversized feeders or ineffective feeders.

"When one considers that the feeding costs of a casting can exceed 20 per cent of its total production cost, the advantages of using the optimum feeder dimensions become readily apparent—a casting utilising feeders 10 per cent too large requires an extra 33 per cent of feed metal—adding up to £60 per tonne to the production costs of the casting."

He asked six experienced methods engineers to estimate sand feeder diameter and feeder weight for a specified casting. Their answers ranged from 14.4-22.8 cm and 18.1-65.2 kg respectively. The computer said 20.2 cm and 50.5 kg. The actual answer by experiment was 20 cm and 49 kg.

The Foseco and Scrata programs are being used in foundries world-wide but neither organisation stands to make much money out of them.

Foseco gives it away free against a promise that the foundry will buy a given value of Foseco products—Mr Corbett says that no foundry so far buys so little Foseco material that it fails to qualify.

Scrata gives Crusader free to its UK members; the cost to overseas members ranges from £2,000-£6,000 depending on the annual tonnage output.

Crusader runs on an Apple II microcomputer and makes use of the graphics tablet incorporated in that machine to allow the methods engineer to draw the required casting on the screen.

Feedercalc runs on the Tandy TRS 80 and uses a menu approach for data input. The first display, for example, is a list of available routines; feeder size, feeding distance, cost analysis, weight and side-neck dimensions.

Federcalc has options making it possible to compute and compare the cost of different feeding options.

The UK seems to have a lead in programs of this sort. In the U.S., for example, the Esco steel group has adopted Scrata's Crusader in preference to a home grown product.

The Federcalc program designed by Foseco helps foundry engineers to chose the optimum riser sleeve by simplifying the previously complicated mathematical calculations

Maxaman, the portable automatic ventilator/resuscitator which can be used by people without knowledge of life-saving techniques.

Life-saving system for the untrained amateur

BY MAX COMMANDER

MOST people at sometime must have wondered how they would cope with a medical emergency. The first and only person at the scene of a road accident, or an attempt at life-saving treatment for a colleague taken suddenly ill, are typical instances.

CompAir Maxam, the Cornish company, has attempted to take some of the guesswork out of resuscitation techniques with its new Maxaman ventilator/resuscitator. The company says that trials have shown that people without medical or first aid knowledge can handle the unit and apply it for the first time in less than one minute.

The main advantage of the unit lies in its fully automatic method of sustaining the breathing of the victim, while a single control knob adjusts the operation for an adult or child.

The design is based on lung ventilation techniques used in intensive care units but the entire equipment, excluding a size D oxygen cylinder, weighs only 1.4 kg. The unit is contained in a carrying bag 530 x 280 × 220 mm high.

The technique is known as Mandatory Minute Volume (MMV) which means that the system is supplied with a preset minute volume of oxygen which the victim is obliged to breathe either spontaneously, by controlled ventilation, or a combination of both.

The mask can be applied, the system turned on and it is not even necessary for the operator to know whether the victim is breathing. Should breathing be absent or inadequate the automatic ventilator operates. Should spontaneous breathing restart the ventilator cuts out for as long as breathing remains adequate.

The company says that the unit can be used in darkness, non-respirable atmospheres or as a conventional piece of breathing apparatus say for the safe evacuation from a fume filled building.

By using a different gas mix and valve, Maxaman can also be used to apply an anaesthetic in an emergency situation.

Price is £450. Full technical details from the company at Pool, Redruth, Cornwall (0209 712712).

Networks

Tandem package

COMPANIES running electronics funds transfer networks based on Tandem Nonstop computers may be interested in a new network management package from Applied Communications called "Base 24."

According to the company the new package will interface with most major brands of automated teller machine (ATM), point of sale and host computer hardware. According to ACI: "This allows financial institutions the freedom to choose the ATM and POS terminal best suited to their needs."

Base 24 is marketed in Europe by ACI's UK subsidiary on 01-423 2131.

Health

Computer medical information

THE American Medical Association in conjunction with the U.S. Telenet network plans to offer computerised medical information from October 1. The information, both clinical and non-clinical, will, says the AMA, be provided by doctors, nurses, therapists and pharmacists.

As a start, the network will have four medical data bases and electronic mail system for messages between subscribers, and bulletin boards for "continuing education" plus meetings to discuss adverse drug reactions.

The data bases will have information on drugs, diseases medical terminology and bibliographical references to articles in medical journals.

Potential customers are estimated at about 450,000 U.S. doctors and 7,000 hospitals. Users will be required to pay a one off $100 fee and seven to 27 dollars an hour to communicate with the central data base in Vienna, Virginia, with information via a VDU.

The GTE Corporation says it has invested several million dollars in the system and expects revenue to be $3.2m next year, rising to $38m by 1987.

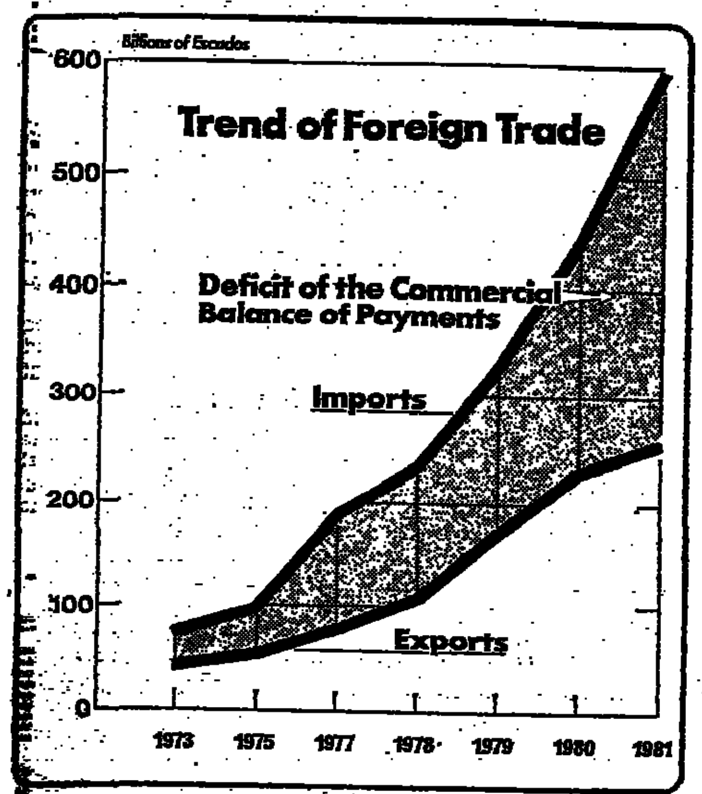
Oil industry

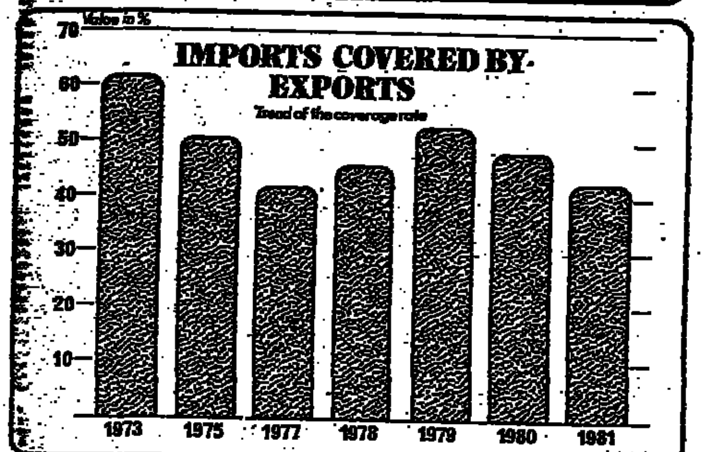
U.S. pipe sealant

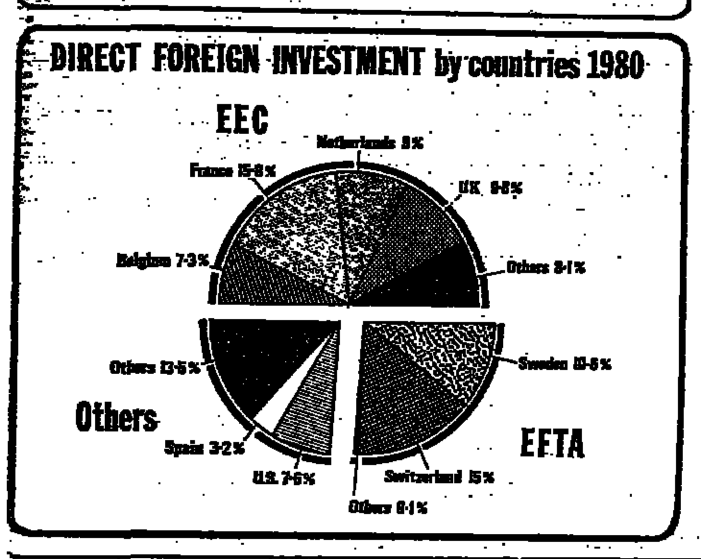
DEVELOPED and tested in the U.S., a pipe sealant for the oil and gas drilling industries is now available in the UK from Peter Dolan, St Neots, Cambridge (0480 75232). Known in the U.S. as Oil Pipe Plus it can be used at temperatures from −129°C to 315°C. It can also be used as a lubricant and gasket dressing compound.

FINANCIAL TIMES SURVEY

Wednesday September 29 1982







PORTUGUESE INDUSTRY

Proposed economic and legal reforms will radically alter the framework of the economy. They are intended to shake up the public sector, stimulate private enterprise and prepare the country for joining the European Community.

Preparing for the challenge

BY ROBERT GRAHAM

PERHAPS IT was natural torpor induced by a balmy summer and the prospect of impending holidays. Perhaps it was sheer disbelief that the Government of Sr Francisco Pinto Balsemao could pledge such radical change. Or it may have been a mixture of the two which produced such an extraordinarily muted reaction to the sweeping reforms announced at the end of July.

The Government has laid out little less than a Magna Carta of economic and legal reforms. Even if partially implemented these will radically alter the framework in which the Portuguese economy has operated since the revolution of April, 1974.

The reforms cover 26 points that range from a shake-up of the entire public sector and encouragement to private enterprise, improvements in the labour law and social security, liberalisation of the capital markets, changes in commercial law and the penal code to a new public accounts systems, a five year fishing plan and revamping professional training and higher education.

The announcement of these reforms followed directly on approval by Parliament of changes in the 1976 constitution. Constitutional reform was an essential prerequisite. The constitution, conceived in the heady days of the revolution, envisaged — at least in its triumphant prose — a march towards a socialist society with the nationalisation of virtually all means of production.

It also provided an unworkable, and undemocratic, institutional framework: an elected Parliament was subordinated to presidential veto and to the veto of a non-elected military watchdog body, the Council of the Revolution.

The Council of the Revolution played an important role in controlling the military in the wake of the revolution. But once Parliament began to establish itself there was an increasing conflict between the sovereign wish of the government and the revolutionary council which regarded itself as the safeguard for the achievements of the revolution that overthrew the old authoritarian regime.

The triumph of the centre right coalition of Alianza Democratica in October 1980 under the late Sr Fransisco sa Carneiro brought this conflict out in the open. The AD platform promised constitutional reform, a market economy and abolition of the revolutionary council.

The tragic death of the former premier in a plane crash in December of the year robbed him of the satisfaction of carrying out this programme. The mantle fell on Sr Balsemao, a more relaxed and less abrasive, though less charismatic, figure.

AD has made good its electoral pledge and this seems to have taken people's breath away. Constitutional reform, curbing presidential powers and pointing Portugal towards a market economy were built up in advance as highly sensitive issues.

President Eanes dragged his heels over an attempt to tamper with the presidency, the Council of the Revolution muttered darkly about the dangers of their demise and the Communist Party mounted a series of strikes to embarrass the government. But with the exception of the Stalinist Communist Party, everyone recognised to a greater or lesser extent, that the constitution needed changing.

The socialists before going into opposition had after all begun the first steps more than three years ago. Thus the battle in the end was of form, of how to present reform so as not to offend too many groups.

Magna Carta

AD was unable to eliminate completely some of the language referring to the socialist achievements of the revolution. Nevertheless the new touches provide sufficient scope for reform and the blocking power of the Council of the Revolution has disappeared.

This is a considerable achievement for Sr Balsemao and his Government even though it owes as much to the weakness of the opposition as to its own persistence. The Magna Carta is still only a framework for change, it must be emphasised. Much will depend upon the will of the Government to flush out the reforms with practical measures.

The initiative rests for the moment firmly with the Government and the main impediment appears to be the future of Sr Balsemao himself. Six months ago the Lisbon political rumour mill had his days numbered. But he has survived more than a year in office and overcome at least two serious attempts to unseat him from within the alliance.

Talk abounds of his waiting to see AD's performance in the forthcoming municipal elections, scheduled for December, and how his own Social Democrat Party (PSD) treats him at its next congress. Yet this talk of his stepping aside probably underestimates his staying power. Moreover, muscle has been added to the Government by the growing stature of Sr Joao Salgueiro, the Finance Minister. He is the man now shouldering the responsibility for the reforms as he holds the purse strings.

The priority is to shake-up the public sector which embraces all key sectors of production, transport, banking and the services. The objective is threefold:

1—Hive off those sectors which can be more efficiently run by private enterprise;

2—Raise efficiency through incentives and, where possible, via mixed involvement with the private sector;

3—Provide greater accountability.

With a tempered Portuguese version of Thatcherite zeal the government intends to shut down or sell off non-essential loss-makers. The public sector companies last year lost Esc 28bn against Esc 11bn the previous year and this loss was recorded after receiving subsidies for current operations of Esc 67bn compared to Esc 31bn in 1980.

An example has already been made of Setenave, the loss-making shipping company which is now being offered to the private sector for a management lease contract. Another example has been the closing down of ANOP, the state run national news agency. The fate of ANOP is still not yet clear but it looks as though the Government may be obliged to produce a phoenix from its ashes only differed in form.

On a more conceptual basis the Government is considering the contracting out to private companies of specific activities of even some key concerns—this could happen in the case of TAP, the national airline or even the railways.

Where the Government has a stake in a company, often acquired through the nationalisation of the banks which had substantial equity portfolios, selling off this interest to the public is also contemplated. Some 16 such stakes have already been earmarked.

An important managerial novelty will be the creation of a special board to monitor the performance of the State companies. This body will be reinforced by a tighter system of accounting.

Another important change buried at the end of the 26 proposed reforms concerns the production and distribution of

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Editorial production: Arthur Dawson;
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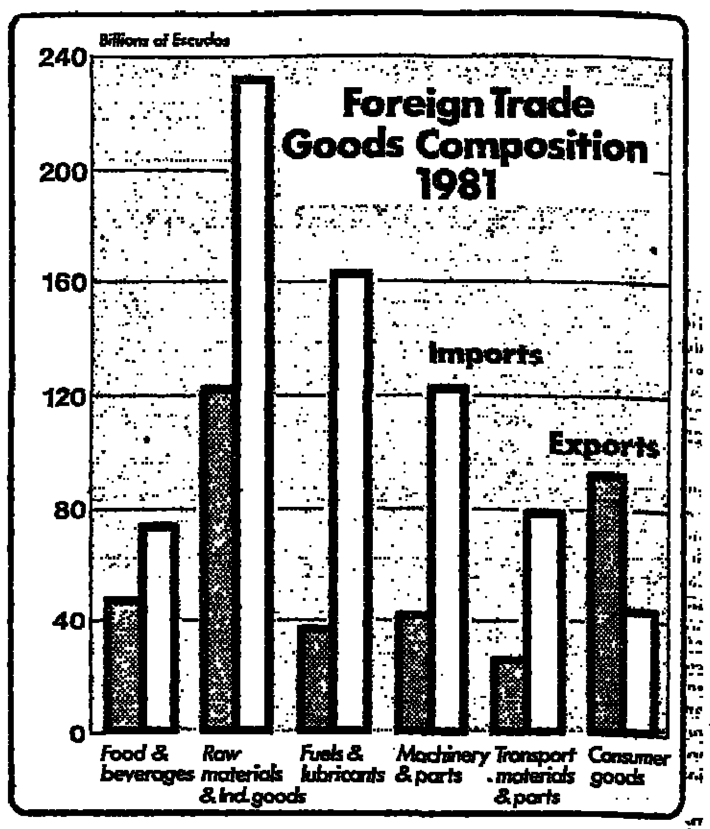
Sr Balsemao, Prime Minister of Portugal, with Mrs Thatcher at 10 Downing Street for trade talks. Britain is one of Portugal's main markets



Behind volume and value growth in exports is a dogged effort to be competitive and break away from going for the easiest or closest markets

Drive to reduce the trade deficit

IN 1981 Portugal ran up a trade deficit of $5.6bn through surging import growth, especially in the first half, and sluggish export performance. This year, there are cautious hopes that the trade gap will shrink.

In volume, exports grew by 11.2 per cent in the first quarter of the year and in escudos they grew by 22.4 per cent. But in dollars—the currency in which most exports are still quoted, although the weight is shifting to the strong European basket—growth was less impressive: exports of $1.23bn compared with $1.20 bn for January-March 1981. It looks better in escudos: 70bn compared with 55bn.

Behind volume and value growth is a dogged effort by a small country, that has always exported but in rather homespun fashion to the closest or easiest markets, to go competitive.

The task is Herculean, considering the meagre financial means at Portugal's disposal and the ground that needs to be made up. The geographical breakdown of exports illustrates the magnitude of the challenge. Some 73 per cent goes to West Europe: 58 per cent to the EEC, 15 per cent to EFTA. Room is limited for growth of traditional or new Portuguese exports in this area.

By traditional, the Portuguese authorities mean textiles, which account for just under 30 per cent of all exports everywhere, cork, wood, paper and paper pulp, tinned fish and wines, and footwear. Generally they are products of labour-intensive small to medium enterprises where the comparative advantage of the low cost of Portuguese labour may be diminished by low productivity and high transport costs.

Portugal's dreadful roads and strike-prone ports are a chronic threat to export deadlines and the Balsemao Government is struggling to find solutions to the problems.

Having talked for years about the need to tackle new markets with new products, the Portuguese are at last getting down to new trade offices in new areas concerted promotion of diverse products, expensive but necessary data processing systems destined to get trade information to exports at speed and something like a 300 per cent increase in the number of trade missions going abroad to sell or arriving in the country to shop.

A rather downbeat fund for developing exports has been upgraded into a high-profile foreign trade institute (Instituto do Comercio Externo) presided over by Sr Leite de Araujo. He spent some time in Brazil and is wistful at the thought of the money, organisation and co-ordination that the Brazilians devote to promoting trade. A miniature Brazilian trade juggernaut is not on the cards but a fraction of that type of budget and interministerial co-ordination would satisfy.

The institute has now created the "exporter's letter" for exporters who had good results last year with goods or services of high quality and high added value.

Receiving a letter is a privilege. Those who qualify (about 100 since the system began a month ago) can benefit from, among other things, special export financing, priority technical and trade assistance and help with sales promotion. Since the end of the summer holidays, applications have been pouring in to join the scheme from textile, mechanical, chemical, construction, consultancy, glass and ceramics, fruit and vegetable, and marble companies.

At the same time, the institute is moving staff out of its European offices to new priority areas.

These areas are: The U.S. and Canada; OPEC countries; Africa; and the Far East.

U.S. grain

The U.S. accounts for only 5.5 per cent of Portugal's exports but 11 per cent of imports — it is the source of virtually all the grain Portugal buys to the tune of some $700m a year.

In the U.S. Portugal is pushing shoes (high price and high quality, not the down-market product) and textiles and having some success. But the U.S. market is difficult especially for a small country with limited resources, short of the kind of know how and means it takes to set up an effective distribution network in the U.S. and sell on the spot.

Portugal imports every drop of the roughly 8m tonnes of oil it consumes at a cost of a punitive $3bn in 1981. So it is no surprise that coverage of imports from the Opec group by exports to that group is an abysmal 5.8 per cent. This was a prime factor of last year's overall coverage of well under 50 per cent.

Arab markets are dense and full of pitfalls for small poor newcomers, and well-trod by richer industrial nations. In the Gulf and North African Arab countries major promotion efforts, already meeting with some success, go towards civil engineering and consultancies (especially ship repairs).

ECONOMIC DATA

	1979	1980	1981	1982
GDP @ market prices (10⁹ esc)	994.4	1,204.8	1,443.4 (est)	1,793 (f'cast)
Real GDP growth rate (%)	4.5	5.5	1.7 (est)	2.5 (OECD)
GDP per capita @ current prices ($)	1,868	2,135	2.474 (est)	—
Inflation (average %)	23.6	16.6	19.9	17 (target) 20-22 (f'cast)
Unemployment (%)	8.1	7.9	8.2	—
Current account ($m)	−52	−1,068	−2,710 (est)	−2,500 (OECD f'cast)
Emigrants' remittances ($m)	2,455	2,931	2,839 (est)	2,900 (f'cast)
Net tourist receipts	695	859	778 (est)	—
Gold reserves, end period (te)	807	708	680 (est)	680 (est)
Net foreign assets, gold @ market prices ($bn end period)	9.8	14.6	10.8 (gross)	10.7 (gross, March)
Net foreign assets as % imports	149	166	—	—
External debt ($bn)	6.6	7.7	10.0	10.8 (end March)
Debt service as % exports	12	13	23	—

This often means joining forces with other countries in tenders and finding a modest level where Portuguese manpower construction or transport materials can hold their own. The Portuguese recognise that, alone, they rarely have the clout to win major tenders.

For instance, large numbers of Portuguese workers and some Portuguese engineers have worked on major Middle East projects like the new railway in Iraq, where the large Brazilian civil construction company, Mendes Junior, has $1bn contract to build.

In former colonies like Angola and Mozambique, as well as Zimbabwe and Nigeria, Portugal is also keen to take part in construction or development projects, although straightforward sales of consumer goods and equipment are considered equally important.

In 1981, Angola and Mozambique absorbed 6.5 per cent of Portugal's exports — more than the U.S., and while trade with Angola has dropped off this year, due to that country's critical economic difficulties, with Mozambique the picture becomes brighter and more interesting daily.

For the first time since the former colony's independence, Portugal's stand won first prize this year at the Mozambique fair of agriculture, trade and industry, pushing the traditional prize-winners, China and East Germany, into second and third places.

Portugal received praise for displaying just what Mozambique needs and won an immediate $30m in firm orders.

Apart from direct selling, Portugal is deeply involved in industrial cooperation, management contracts and formation of mixed companies in both Angola and Mozambique. Private Portuguese businesses are helping the Mozambicans to resuscitate abandoned factories or equip new ones, they are training staff and, through formation of a new Portuguese-Mozambican trading company, they will market Mozambican products in Europe.

It is to the former colonies that a huge share of official and private attention will be devoted in the years to come, according to the young and energetic Secretary of State for Export, Sr Faria de Oliveira. Portugal's position is unique there and now that amiable relations have been restored, there is immeasurable work to be done there.

Quest for outlets

With Japan Portugal seeks something different: with few hopes of massive growth of exports to offset heavy imports of Japanese cars, Portugal will work towards more direct Japanese investment in the country. Coverage of imports from Japan is now only 10 per cent—far too low.

Small success stories encourage the quest for new outlets: sales to Zimbabwe and Nigeria of telecommunications equipment are picking up, as are sales of construction and transport materials to Africa and the Middle East.

Other sectors the Government is anxious to promote include machinery, industrial ceramics, and electronic equipment, all newish export sectors for Portugal.

Private initiatives like the new "Expofair" showroom, office and restaurant complex on the outskirts of Lisbon complement Government efforts to help exporters to help themselves.

In Portugal businessmen by tradition have tended to wait for paternalistic governments to show them the way to go. The new generation of rulers, while ready to give technical and financial backup, would like to see the business community rapidly learning how to judge markets of its own accord.

Diana Smith

Government begins attack on state sector lethargy

THE revolutionary nationalisations of 1975 swept most of the domestic basic industry, banks and insurance companies, land, sea and air transport, breweries and even shops and marketing groups into the public sector.

Companies that, under private management, had a reasonable ratio of employees versus market demands became a subject to highly-politicised surplus labour. Management, often inherited from the private days, was forced to hire thousands of extra workers. Sales and services, with few exceptions, fell off in the manufacturing and transport sectors. The public companies rapidly began to devour subsidies and bank loans.

This state of affairs has made Portugal's budget deficit bloat until, in 1980, it exceeded $2bn (11 per cent of GDP).

The administration of Sr Francisco Balsemao has given priority to reducing the budget deficit and trimming indigestible fat off the public sector. The Government is waiting for promulgation of the revised constitution by the President of the Republic so as to go to work on the public sector finances.

Under the revised constitution, passed in mid-August, the military Council of the Revolution, responsible for the nationalisations in 1975, was eliminated. The military council, although operating with less radical members than then, was a constant block to government efforts to liberalise the economy.

The stage has now been set for other laws that will reopen banking and insurance to private capital. It also makes way for measures intended to ease the onus on the state caused by the public sector's sluggish performance and messy bookkeeping.

Understandably, having secured the requisite two thirds parliamentary majority for the constitutional changes, and having promised the public that important measures would be taken at speed, the Balsemao Government has been somewhat hamstrung by the unexplained delay in presidential promulgation of the changes.

Thus, measures that affect the public sector deeply, like the creation of a constitutional tribunal which will adjudicate new laws—the banking law for one—have to be held back until the constitution itself is passed into law.

MAJOR STATE-OWNED COMPANIES

Companies	Sector	Assets M.Es	Number employed	T'over. 1980
EDP	Electricity power supply	192525	18245	52161
Petrogal	Fuels & lubricants	119353	7193	117069
CTT	Post Office, Telephone & Telex		28906	15091
TLP	Telephone and telecommunication of Lisbon and Porto		11750	6540
Portucel	Chemicals and allied	22485	7951	15977
Quimigal	" "	44113	11550	23904
Siderurgia	Steel industry	24763	6024	21905
CP	Railways		24409	10500
EPAC	Food and Commodities	46974	1989	44082
TAP	Portuguese airline	17253	10003	20208
RN	Road Transport		14368	9400
Setenave	Shipyard	19355	6757	8107
Cimpor	Cement	24151	2527	11224
CNP	Chemicals and allied	34097	1418	5542

Warning knell

However, Sr Balsemao sounded a warning knell for the public sector in late July. He gave notice of 26 crucial measures some aimed at the sector, others at social security, and new regional policies.

Describing the measures as "political decisions," Sr Balsemao said:

- The basis of public companies would be altered. "Vices and defects of structure and function" would be corrected. A new system of management for such companies would be devised, with new recruitment methods for management. (It has been very difficult to entice Portugal's brighter managers to the public sector—salaries are very low: less than the equivalent of $1,500 for a chairman, and the headaches are so enormous that few young entrepreneurs want to risk their reputations in a public company. Boards have often been appointed piecemeal, with the chairman having no idea of whom the Government is appointing as directors. Too often the choices have been political, not technical.)
- Companies in the public transport sector will be subject to restructure and an emergency economic plan. (Heavily-subsidised, strike-prone and very inefficiently run, the public transport companies are perhaps the most glaring example of the woes of the public sector. In 1981, the Government had to allocate a subsidy of more than $130m for the railways alone simply to keep them going.)
- Allowing the management of public sector companies to go to private or mixed economy concerns, as a means of watering down the principle of the "irreversibility" of 1975 nationalisations, which the revised constitution has upheld. (The first stab at such a proposition is the management tender put out for Setenave, the near-bankrupt shipbuilding yards. The short list of candidates for management should be known by early October. The resultant success or failure will condition management contracts for other areas.)

Months ago the Government announced the creation of an institute of public management which would oversee the financial and operational activities of the public sector, and compel each concern to present full and proper acounts down to the last minor item.

It is known that there have been fierce arguments between several ministries over which department should be responsible for defining the structures of the new institute and for supervising it: as a result monhts have been wasted because of personal or political animosities.

That, however, is often the fate of major ventures in Portugal—one faction or another, or an ambitious individual obstinately stonewalls, regardless of the national interest, until the group achieves the key positions it seeks.

Thus a sector with over $1bn in assets is still waiting for overall management that should gradually eliminate today's vicious circle. At present bills owed one public company by others force the former to turn to bank loans for their operating funds.

But, now that Joao Salgueiro, the finance minister, has dictated fierce restrictions on non-investments, many public concerns are in a position best described as perilous.

Hundreds of thousands of jobs are at stake in the sector, and this consideration has been looming over successive governments like a storm cloud. But the choice between letting the sector, in its present bureaucratic lethargy, continue to devour a small, poor country's tax revenue, or trying to streamline it where possible had to come sooner or later, regardless of political risks. The ruling alliance has made the choice; their problem is getting hold of the tools with which to put it into effect.

Diana Smith

Search for right strategy in state shipyards

THE RUMBLING crisis in Portugal's shipbuilding and shiprepairing industry is fast coming to a head. Lisnave, the State-controlled repair yard and Portugal's biggest foreign exchange earner, has warned the Government that urgent steps must be taken to prevent the collapse of the company. Orders have dropped sharply. Around 2,000 of the yard's 7,500 workers report for work each day but stand around idle.

The picture is similar at Setenave, the yard that expanded rapidly in a mood of optimism in the early 1970s to meet the expected requirements of the tanker industry. In a move to stem the heavy losses, make use of the idle capacity and a 6,200 strong labour force, the Government has invited offers from companies around the world to try to find a survival strategy and manage the company under a lease contract.

Lisnave, the ship repair yard on the river Tagus, Lisbon

Solutions to the problems of Portugal's two big shipyards will be political rather than commercial or industrial. They are both big employers and at the heart of the public sector. Complicated labour laws which make it difficult to shed workers hold them in a strait-jacket in trying to respond to movements in the market.

Lisnave has already sounded the alarm, pointing out that more than a third of the labour force or around 2,500 people are currently surplus to requirements. The Government, which has promised to revise legislation introduced in the wake of the revolution to prevent indiscriminate hiring and firing of labour, will have to bite on the bullet. It seems unlikely that Ford will commit itself to a $1bn investment to build a new car plant without greater freedom to lay off workers.

Reform needed

Reform is necessary not only to land Ford but to attract other much needed foreign investment. But the battle about how wide-reaching any changes will be is likely to focus on the shipyards. Communist influence is strong among the Lisnave trade unions and there has already been widespread unrest at a fairly limited package of company proposals to cut costs.

The economies include the requirement that 500 white collar staff should work a full day, reductions in shift and night working and reductions in fringe benefits. Workers will get one not three pairs of overalls a year.

For Lisnave, one of the biggest repair yards in the world which at its peak handled around 20 per cent of the supertanker fleet, this year's slide in orders caused by the recession and the changed pattern of shipping has been traumatic.

Sr Reinder Bangma, vice-managing director, estimates that revenue this year is likely to be half the $150m of 1981. The company had weathered the recession of recent years to remain profitable but would now go into the red for the first time since 1967. Losses in the first eight months of this year alone were running at around $20m.

It was against such a background that Sr Jose Manuel de Mello, the former owner of Lisnave and still the chairman, wrote privately to the Prime Minister alerting the Government not only to the critical situation at the yard but to the state of the sector as a whole.

He pointed to the problems of contending with rapidly falling demand while carrying the heavy overheads of around 2,000 idle workers, high interest rates and restricted access to the international credit market.

Every effort possible was being made at management level to cut costs and improve sales. He warned that were the finances of the company to collapse Lisnave would probably have to be dismembered, with the loss not only of the immediate 7,500 jobs but also of employment throughout dependent sectors.

While control of Lisnave is with the state, which since the revolution has a holding of around 23 per cent, the ownership is complex. The Mello group ousted by the revolution still has an equity stake of 22 per cent, with Rijn Schelde-Verolme of Holland and Eriksberg of Sweden holding around another 19 per cent each.

Sr Mello told the Government that the crisis at Lisnave had to be overcome as in other European companies by scaling down activities, with a modicum of public sector backing. Government support should come in the two major areas of labour and finance, he said.

Indeed Lisnave is known to be pressing the Government not only to make more dramatic changes in the labour laws than so far promised but also to provide a scheme of unemployment benefits. Many of the 2,000 jobs shed by Lisnave over the past two years have had to be financed by the company under its own early retirement scheme, which offers workers with 10 years service a pension of 40 per cent of their wage until official retirement age.

National solution

Sr Mello also urges a national solution for the problem of shipbuilding, suggesting that Lisnave should be allowed to manage Setenave. Such restructuring would create a large unit with consequent economies of scale. "The UK, Sweden and Holland have made similar reorganisations with proven success," he argues.

Sr Mello maintains that a complete rethink is necessary of all the financial premises on which the company has been based. He advocates transforming short-term debts into medium- and long-term, coupled with interest rate subsidies and a period of grace for repayments.

But if the position looks bad at Lisnave it is even worse at Setenave—a project conceived in the early 1970s to take advantage of the growth of tanker trade. Expensive new yards designed to build up to three 700,000-tonne supertankers a year started to come on stream in 1974 on the eve of the oil crisis and Portugal's own political revolution.

Despite the problems the workforce mushroomed between 1974 and 1977 from 1,400 to 6,200. Most of the workers are still there, though orders have come through at a trickle. Even the repair work for which Lisbon enjoys a good reputation has slowed down sharply.

The Government, in the apparent belief that there will be a shipping company somewhere in the world with activities complementary to Setenave, has invited tenders from companies willing to lease and manage the yard. Advertisements placed in international newspapers suggest there may be companies with the required markets, the new technology or the financial muscle to be able to make use of the Setenave facilities.

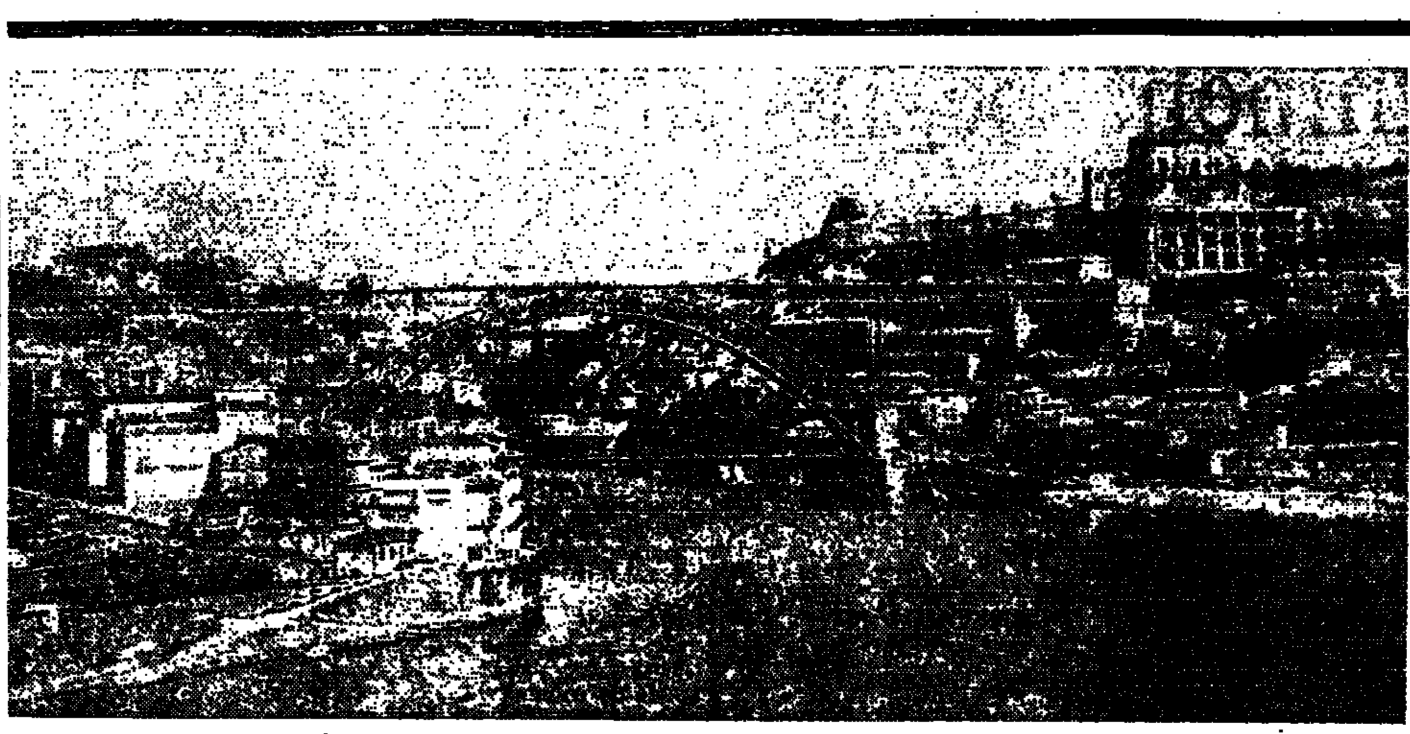
Whether or not the Government is able to confound the sceptics and find such an ideal partner remains to be seen. What is clear is that tough political decisions about the future of the Portuguese shipyards cannot be delayed much longer. The nation, like so many others throughout the world, has to decide how big an industry it requires and what price it is prepared to pay.

Management in the tower block administrative centre of the Lisnave yard on the banks of Lisbon's River Tagus will be subjected to the ritual chants of the apparently militant workers. They will see the red flags and the Communist Party insignia raised. But the fundamental decisions are out of their hands.

The Government must face up to the issue of how bold to be in any reform of the labour laws and the terms on which its shipbuilders will trade in a fiercely competitive market.

Arthur Smith

PORTUGUESE INDUSTRY IV



Oporto, the commercial centre for the bulk of the textile trade in Portugal

Special entente on textiles

PORTUGUESE TEXTILES are more expensive and often of better quality than many similar products from the Far East. For this reason Portuguese manufacturers are irked by the tendency particularly in Britain and France, to put them in the same category as Taiwan, South Korean or Hong Kong "invaders" who can make a men's shirt for a quarter of the price a Portuguese company can.

Nevertheless, the fact that Portuguese factories make clothing or cloth sometimes for as little as one third of the west European average, making it possible to offer very competitive prices in west European chain stores or boutiques, brings special EEC opprobium to an industry that represents over 40 per cent of Portugal's industrial product and a third of her exports.

About 60 per cent of Portuguese textiles are sold to EEC markets and 20 per cent to Efta outlets — so an entente cordiale is of supreme importance.

Negotiations for Portugal's EEC accession have laboured over the textile question and an entente has been worked out. There will be a pre- and post-accession period of quotas on Portuguese textile exports to EEC-member countries, starting this year, and gradually becoming more liberal.

France took the toughest stand, no doubt mindful of her own textile industry. Portuguese political leaders protested at restrictions which, they felt, violated the spirit of the Treaty of Rome — but patriotism has bowed to pragmatism. Better this special entente than relegation to the sort of conditions imposed on countries covered by the Gatt multi-fibre agreement.

In fact Portugal suffers from the same problems as textile industries in more developed European countries. The industry — more or less equally divided between the north and the south, except that high quality clothing firms tend to be in the south and textile firms proper in the north, is in need of capital and technology. Its one advantage, is cheap labour but this is not always synonymous with efficiency.

A report on the industry commissioned by the Portuguese Government shows that only 5 per cent of the companies are of a size and efficiency to bear the brunt or any form of foreign competition. Of some 1,700 companies in all working in textiles or clothing, 1,281 have fewer than 50 workers.

According to industry experts even some of the very small firms are over-manned in terms of productivity per capita. But it is very difficult for a Portuguese to face the trauma of sacking 20 per cent of his staff.

There have been serious efforts to modernise by more imaginative firms, and at group level, like the Portuguese association of clothing manufacturers, there has been regular lobbying for government backing for the search for new markets outside Europe. But this needs money and quick, flexible government response, not necessarily always available.

Assistance

The industry hopes for assistance from official export promotion bodies with overseas offices or showrooms, in tapping the U.S., Canadian and Middle East markets at present largely unknown areas. Meanwhile, the special relationship with the former colonies, particularly Angola and Mozambique, is being actively promoted, both for sales and joint ventures where Portuguese manufacturers would help their African counterparts to build up local industries. Portugal also hopes to buy more cotton from Mozambique.

To try to attract foreign buyers, a new trade fair will be held next year in Lisbon with the blessing of Sr Bavao Horta, the Portuguese industry minister, and backing of the Portuguese Industrial Association.

This fair will display not only products of the textile sector but accessories and machinery. It will complement established annual shows like Portex and Portuguese Offer, held respectively in Oporto and Lisbon.

Portuguese textile experts readily argue that the country is a heavy importer of textile machinery from the rest of Europe — to rebut their unwanted status of "invader" they are working for higher quality and high fashion although textiles are already at the intermediate price and quality levels. To this effect the clothing industry association started up the sector's first training school a year ago including courses for high fashion designers.

EEC membership is not without its ironies. Once Portugal joins, her tariff barriers against non-EEC products will be dismantled. She will be vulnerable to cheap Far East clothing. This worries manufacturers, since the domestic market, which takes about half the clothing annual output, is small and short of purchasing power.

As a country of only 10m inhabitants with a low birth rate and slow creation of new jobs, Portugal has limited growth prospects for textiles in the near future, so exports are a basic question of survival. Meanwhile the Government is contemplating a World Bank loan to help restructure the sector.

Diana Smith

IMPORT OF TEXTILES

1980	Tons	Value Es(m)
Fibres	215,210	18,42
Yarns	30,227	7,0
Fabrics	8,703	4,8
Knitwear	916	35
Clothing	119	15
Sundries	4,335	1,3
Total	259,512	32,8
Jan/March 1981		
Fibres	57,978	5,9
Yarns	6,643	1,56
Fabrics	2,612	1,54
Knitwear	372	2
Clothing	28	4
Sundries	1,412	40
Total	68,947	9,57

EXPORTS

1980		
Fibres	4,810	27
Yarns	22,562	4,92
Fabrics	24,577	3,6
Knitwear	16,176	14,62
Clothing	14,010	16,42
Sundries	725,120	13,47
Total	155,549	59,38
Jan/March 1981		
Fibres	2,444	15
Yarns	4,852	1,11
Fabrics	5,633	2,53
Knitwear	4,240	4,29
Clothing	3,361	4,09
Sundries	20,516	3,43
Total	41,048	15,63

TRADE BALANCE
Es(m)

	1980	Jan/Mar 198
Exports	59,385	15,63
Imports	32,857	9,87
Balance	26,527	5,75

EXPORTS OF TEXTILES BY MAIN MARKETS

1980	Tons	Value Es(m)
UK	35,627	15,33
France	19,088	6,80
W. Germany	14,237	6,59
Sweden	12,205	6,04
Denmark	7,770	2,18
Belgium/Lux	6,857	2,12
Norway	5,747	2,88
Finland	5,211	2,71
Italy	4,969	75
Netherlands	4,082	2,60
Spain	3,746	27
Switzerland	3,614	2,08
Austria	2,157	1,39
Jan/March 1981		
UK	3,209	3,67
France	6,309	1,83
Sweden	2,600	1,64
W. Germany	2,573	1,57
Belgium/Lux	1,635	5
Italy	1,421	32
Spain	1,263	
Denmark	1,236	4
Norway	1,214	4
Netherlands	1,175	6
Austria	1,167	3
Switzerland	664	4

Source: Folha Têxtil—Instituto de Têxteis.

A cooper at work on a port cask or "pipe" in the Douro Valley

TEXTILE TRADE: BY COUNTRY

EXPORTS Destination 1981 Countries	Es(m)	% of total	IMPORTS Origin 1981 Countries	Es(m)	% of total
UK	36,956	14.5	U.S.	71,888	12.
France	32,102	12.6	W. Germany	65,376	10.
W. Germany	31,753	12.5	UK	47,628	7.
Angola	13,821	5.4	France	46,388	7.
U.S.	13,315	5.2	Spain	39,637	6.
Holland	12,001	4.7	Italy	32,131	5.
Switzerland	11,278	4.4	Saudi Arabia	31,159	5.
Sweden	11,035	4.3	Iraq	22,843	4.
Italy	10,796	4.2	Japan	20,834	3.
Spain	7,261	2.8	U.S.	18,571	3.
Belgium-Lux	6,768	2.7	Switzerland	17,788	2.
Norway	4,788	1.9	Holland	17,460	2.
Denmark	4,350	1.7	USSR	14,461	2.
Finland	3,646	1.4	Nigeria	14,244	2.
USSR	3,216	1.3	Belgium-Lux	14,243	2.
Brazil	2,648	1.0	Sweden	13,152	2.
Austria	2,625	1.0	Iran	11,905	2.
Canada	2,543	1.0	Venezuela	10,778	1.
Japan	2,165	0.8	Brazil	7,887	1.
Mozambique	2,058	0.8	Iceland	4,366	0.

Why wine companies are in deep trouble

IT IS sad but unfortunately true that, as with so many charming old-fashioned arts that have somehow lingered on in Portugal, traditional Portuguese wine-growing is doomed in a world where costs dictate survival.

The writing is on the wall, both for the steep terraces of the Douro valley where generations of smallholders have tended the vines which produce port and for the humble peasant and his home-grown plonk.

The reason is that Portuguese wine — whether it be port, madeira, rosé, vinho verde or ordinary red and white — is pricing itself out of the market.

"The cost of a case of Italian wine delivered at the dockside at New York with freight and insurance paid does not cover the cost of the packaging of a case of 12 empty—and I stress empty—bottles of table wine which have not even left Portugal," the head of a major wine firm's export department said.

The wine companies recite a familiar litany of woes: lack of government subsidies and excessive production costs, because the industry is labour-intensive and not sufficiently mechanised.

Their plight is certainly real. Portugal is in the extremely vulnerable position of relying for up to 80 per cent of its table wine exports on rosé at a time when pink wine's popularity in the world seems to be declining.

The problem is that the cost of producing table and fortified wine in Portugal is going up just when people, both in this country and abroad, are less able to afford it.

The port wine institute, which groups all the shippers, summed the crisis up in the opening words of its report on 1981: "The economic recession recorded in 1981 in most of the countries which usually consume port has been reflected in sales."

PORT WINE
Exports
1981

	Hectolitres	%
W. Germany	37,851	6.93
Belgium	69,026	12.63
Denmark	22,742	4.16
France	228,626	41.84
Holland	37,903	6.94
Ireland	1,688	0.31
Italy	29,904	5.47
UK	70,681	12.94
Total EEC	498,424	
Total World	546.427	

Source: Instituto do Vinho do Porto

TABLE WINES
(Exports 1980)

	Hectolitres	000 Esc
U.S.	220,968	1,733,413
UK	48,946	391,483
Germany	50,227	299,511
Italy	34,297	210,369
Holland	23,944	182,071
Brazil	17,728	116,867
Japan	14,642	117,814
Sweden	13,445	84,953
Switzrlnd	214,193	292,030
Denmark	13,780	64,287
Belgium	13,825	91,030
Venezuela	17,717	100,526
France	14,453	75,702
Angola	107,545	373,606
Total	1,039,855	5,256,139

Exports of port in fact fell 11 per cent last year, but its average cost rose 14.6 per cent. Wine growing in Portugal faces such problems that the European Community has no cause to fear a flood of cheap Portuguese wine once Lisbon enters the Common Market. The fear is all on Portugal's side.

In border areas, residents are already crossing to Spain to buy their wine because it is cheaper than in Portugal. On the day the trade barriers come down, Portuguese wine will be fighting for survival, even on home ground.

The economic reasons for this crisis are fairly simple. In the whole of Portugal, there are fewer than 1,000 hectares of vineyards planted in accordance with the latest modern technology. In a country which produces an average of 10m hectolitres of wine a year, that is a staggering figure.

When three port wine houses bought a tract of land outside the traditional port growing area, but well within the demarcated zone, there was such a row after tractors started pulling up olive groves to plant vineyards that Cockburn Smythe froze its project and the other two never dared to go ahead with theirs.

What made it worse was that the land chosen for the new vineyards was flat, making it easy to operate machinery. Left-wing newspapers immediately published photographs of the tightly-packed terraces on the steep slopes of the Douro valley and said the traditional landscape of northern Portugal was threatened by multinationals.

The small producers who grow most of Portugal's wine are part of a landscape that has been left unchanged for centuries. Many of them still use mules to plough between the vines. It may be picturesque, but it does not make a profit.

At the end of this month, Portugal will begin enforcing drinking and driving laws for the first time. When one of the worst accident rates in Europe coincides with one of the highest per capita consumptions of alcohol, this is a step in the right direction, but unfortunately it is probably the last reason why less Portuguese wine will be drunk.

By a Special Correspondent

Profile of the man spearheading the drive to attract private capital. Arthur Smith reports

Welcome smiles for foreign investment

SR FERREIRA Do Amaral, a smiling and effusive man, describes himself as "a product of the revolution." He is no extremist but at the age of 37 his credentials are exceptional. A high-flying graduate he did a spell in private industry before conscription to the armed forces. "I was a captain of infantry in Angola. You know, actually killing people. I realised how wrong it all was." From there it was to the civil service, a top appointment in the industry department, a period as a minister, back to head up an armaments company and then vice-president of the foreign investment institute, the body now charged with attracting private capital.

He is enthusiastic about his role. After only one month in the job he sees his task as putting Portugal on the map, cutting through the much-criticised red tape and bureaucratic traditions. He complains that service to the state and the role of civil servants has become an end in itself, ignoring the role of the new private sector in stimulating economic growth. "The first thing a new company wants to do is to make its mark with the state, to be accepted." Sr Amaral maintains that any controls on foreign investment are "purely temporary and pragmatic." The investment institute created to oversee foreign spending in Portugal at a time when there was suspicion about new schemes now thought its duty was to break down the obstacles.

He clearly sees the planned $1bn investment by Ford as a breakthrough: after all, he was involved in the detailed negotiations when the industry department took the initiative in going for Ford after reading about the scheme in The Financial Times. Sr Amaral says the prospective Ford deal has put Portugal on the map. The fact that the U.S.-based multinational was considering the country had prompted a host of other inquiries. The Portuguese Government is obviously putting together a special package to clinch the Ford deal but independent reports suggest Portugal offers investment incentives that compare favourably with other companies.

Studies done on the local economy serve to underline the importance of foreign investment in stimulating new technology. It tends to be the large overseas companies who play a leading role in introducing new processes, and adapting changed patterns of organisation. The key sales point for Portugal tends to be the low wage rates — anything from a fifth to a quarter of those prevailing in the rest of the Western Europe. Arguments rage about productivity and whether such rates are translated into lower unit costs. The real test will come with Ford project. Should it be confirmed, it will not only be the biggest foreign investment in Portugal but also the first time workers have been involved in a mass-production environment. The Ford scheme is on a different scale to anything yet experienced in Portugal.

Sr Ferreira do Amaral

Car multinationals are poised for expansion

PORTUGAL, in spite of its people's passion for the motor car, has a small domestic market compared with its European neighbours. Sales last year totalled little more than 70,000 and any improvement this year will be slight.

The multinationals are not only battling it out for market share but sniffing around with a view to using the country as a production base for international sales. Renault is pressing ahead with a $600m investment that by 1987 should create around 18,000 jobs, boost Portuguese exports and help develop an indigenous motor components industry.

Ford is expected to take a final decision before the end of the year on plans to invest $1bn to start production by early 1987 to assemble 200,000 vehicles a year. The project, the biggest foreign investment in Portugal, would also make Ford the country's largest exporter.

The vehicle industry and the active wooing by the Government of international investors marks an important test for the country's ability to move from the long-established but simple assembly operations to fully-fledged manufacture.

In addition to a fundamental restructuring of the industry now sought by the Government there is the challenge posed by prospective membership of the Common Market: from January 1985, assuming Portugal sticks to the proposed timetable for entry, all controls on imports will be lifted and the country will face the full blast of foreign competition.

Such a move would mark a sharp turnround from the present complex system of import quotas and controls. "The more you learn about the system the more complicated it becomes and you realise how little you really know," says one of the prsent market leaders.

A ring of protection was thrown round the merging motor industry in the 1960s with companies required to assemble knocked down kits in Portugal rather than importing built-up vehicles. But a free trade agreement signed with the European Community in 1972 provided for the abolition of the 1960 law prohibiting the import of built-up cars and signalled the move towards a freer market.

However, weakness of the domestic industry and subsequent adverse balance of trade lead in 1977 to the establishment of a quota system, even for the locally assembled vehicles.

It is these quotas that the Government plans to phase out by 1985 under an industry restructuring programme which it is hoped will establish an efficient and competitive automotive sector.

Meanwhile, the Government is using the quota system as an incentive to encourage companies to expand their activities in Portugal: extra import quotas are allowed according to the value of cars or components exported.

New investment brings a similar regard. Renault largely on the basis of its plans to expand has already pushed its market share to more than 30 per cent compared with only 11.5 per cent in 1978.

The aim of the restructuring programme is to phase out small and inefficient assembly and component plants in favour of larger operations which can enjoy the necessary economies of scale.

The case for rationalisation is strong in sectors which, with around 6,500 workers in assembly and another 12,000 in components, accounts for some 3 per cent of total employment in manufacturing industry. Only six plants have more than 500 workers.

The Renault investment involves expansion of the Setabul assembly operation to turn out 80,000 vehicles a year by 1987. About 25 per cent of output will be for export. The engineering unit at Cacia-Aveiro will produce 225,000 engines a year and 80,000 gearboxes.

Components

Equally important for the Government is Renault's commitment not only to use a high proportion of Portuguese manufactured components but to help stimulate the sector. Two French suppliers, Ferodo and DBA, have already set up local manufacturing operations.

As part of the project about 17 foreign components companies have signed contracts with Portuguese companies involving technical assistance and the transfer of technology.

General Motors which is spending about $7.5m to increase capacity at its assembly plant has also been active in the components sector. A company formed in 1980 already employs 300 workers making steering wheels and other parts for export to Adam Opel assembly plants in West Germany, Belgium and Spain. Another company established last year manufactures wiring harness assemblies primarily for the new Opel Corsa.

The market for new cars, because of the quota system, is artificial. Most assemblers believe they could sell more if only they were allowed. Unofficial forecasts suggest sales this year and next will be only slightly up on the 70,742 of 1981. The big jump is not expected until controls come off in 1985 when registrations could rise to around 100,000. Such figures however, would little more than take the market back to the level before the revolution: sales in 1974 were 92,000.

Renault with its present volume of sales can continue to develop a strong dealer network offering finance service and reliability. The favourable quota allocation given to Renault because of its investment is fuelling speculation about the sort of deal Ford will get if it confirms its $1bn plan.

The Ford project, however, is truly international with 95 per cent of the proposed 200,000 vehicles a year output scheduled for export.

Mr Philip Caldwell, chairman of Ford, delivered personally a letter of intent to the Portuguese Government and has suggested final decision is likely before the end of the year. Production would start in 1986.

The site for the new factory is at Sines, a new petrochemical and industrial complex which has a deep-water harbour. The location close to the major sea lanes is a big advantage. Mr Caldwell has indicated the plant would meet demand for markets outside Europe as part of Ford's strategy to give priority to expansion outside the U.S.

Ford's lack of comment about exactly what will be assembled in Portugal is predictably spawning rumours. It is believed a new medium-sized car will be assembled, one possibility is that it might be a Mazda vehicle as Ford already has manufacturing links with Toyo-Kogyo.

For Portugal the type of vehicle is almost irrelevant. The only concern is that Ford goes through with a project which will not only make it the country's largest exporter but help to effect the development of a viable domestic motor industry.

Arthur Smith

VEHICLE REGISTRATIONS

Passenger vehicles	53,172	51,892	58,357
Light commercial vehicles	20,767	25,201	38,597
Heavy commercial vehicles	7,969	7,552	8,370

CAR PRODUCTION IN PORTUGAL

	1977	1978	1979	1980
Fiat	14,925	7,542	8,731	9,348
Renault	10,634	7,140	7,246	13,197
Citroen	8,040	4,881	3,860	6,638
Peugeot	5,297	4,788	2,252	1,128
Austin-Morris	3,239	3,409	2,598	3,038
Ford	2,527	4,118	3,582	4,015
Toyota	5,427	1,869	1,370	940
Other	22,483	6,566	6,857	7,257
TOTAL	72,572	40,313	36,469	45,561

Construction looks to ex-colonies

OVER FIVE centuries ago, the Portuguese sailed out on their great voyages of discovery and set up their colonial outposts in such far flung places as Malacca, India, the Gulf, Africa and Brazil.

Today, they have lost their colonial empire, but to many, Portuguese emigration still offers the only hope of survival. That is why, long after righteous British men o'war ended Portugal's involvement in the African slave trade, the country's biggest and most lucrative export is still people.

Without the hard currency that some three million Portuguese workers scattered over the face of the earth send back home every month to help a relative or build a house for their old age, Portugal could not survive financially.

Traditionally, most of those who set out to try their luck abroad end up in the building trade. To understand the problems of Portugal's construction industry, it is important to realise the economic distress that has driven successive generations of Portuguese from their tiny country hanging on to the edge of Western Europe.

Whether or not Portuguese construction firms succeed in winning foreign contracts, Portuguese emigrants will—out of sheer economic necessity—go on serving as a kind of roving international workforce of builders, because they are willing, plentiful, inexpensive and hard-working.

The most that Portuguese construction firms can hope to do is to keep up with their workers. Unfortunately, in times of recession and expensive money, the Portuguese firms will be judged not so much on the basis of their skills as on how good a financial package they can offer, especially in their biggest potential market—the Third World.

Like many others in this nation of severely limited financial resources, the Portuguese construction industry knows that only government subsidies can help it beat foreign competition.

The trouble is that the best terms the Portuguese can, in exceptional circumstances, offer never match those regularly made available by richer nations and it is simply out of the question for Portugal to finance non-Portuguese components of a contract.

With the recession gripping Portugal's traditional export markets in the West, Portuguese construction firms have particularly been trying to do business again with Lisbon's five former African colonies: Angola, Mozambique, Guinea-Bissau, the Cape Verde archipelago and the island republic of Sao Tomé and Principé.

Projects needed

All of them desperately need development projects, but although the Portuguese firms have the great advantage of speaking the same language and, in many cases, of having already built up considerable experience in those countries before their independence, none of the ex-colonies can afford to award a contract for old times' sake.

Portugal does grant credit lines for Portuguese-speaking Africa and, even though Lisbon's terms cannot compare with those offered by French or Italian firms, the construction industry has been able to take advantage of them to recover some lost ground in the ex-colonies.

A private Portuguese railway engineering company, Somafel, led an international consortium which in May signed a contract for a $200m contract to renew the railway line linking Mozambique's northern harbour of Nacala to landlocked Malawi.

Construcoes Technicas is building a $56m textile factory in north-west Mozambique and working on various projects at the ports of Maputa and Beira. In Guinea-Bissau, the same firm is involved in a $48m plan to increase the size of Bissau port.

One of the biggest success stories is Soares da Costa, a firm that has been awarded a contract to lengthen the runway and put up new airport buildings at Bissau, as well as to build the new road linking the airport to the capital. In Angola, the same firm is building a new transport base in Luanda for Sonangol, the state oil company.

Teixeira Duarte has secured a $3.5m contract to repair the Tete Bridge over the Zambezi River in Mozambique and, together with two other Portuguese firms, Somague and Engil, it is bidding for the tender to raise the height of the Cambambe Dam on Angola's Kwanza River, which produces Luanda's electricity.

Even the small islands are good business, Ramalho Rosa is lengthening the runway at Sao Tomé airport and putting in new signalling system that will make it capable of handling night flights and jumbo-sized planes.

The Portuguese firms, Ilidio Monteiro, Somec and J. Bento Pedroso, are building a shipyard on the island of Sao Vicente in Cape Verde to repair the fishing fleets of the Sovie Union, Cuba, Bulgaria, France, Japan and West Germany operating in West African waters.

One of the reasons for this success has been the fact that local workers in the ex-colonies learn much more when they are working with Portuguese firms.

The chairman of one Portuguese construction company tells of his first visit back to Luanda where the Angolan branch of his firm had been nationalised. "They had some Yugoslav technicians to help them, but as the Yugoslavs did not know the language, they worked alone in complete silence not showing anybody how anything was done."

While he was touring his old offices, the new Angolan managers showed him a special room, kept under lock and key.

"This is where we have stored all the files your firm left behind when it was taken over. We're keeping them here for the day when you start working with us again," they told an agreeably surprised Portuguese capitalist.

Faced with a desperate need to arrange cheap credit, Portuguese construction firms are looking for a way out by offering their experience in the former colonies to foreign partners who can arrange the necessary finance. But Portuguese workers are not choosy.

Two years ago, 4,000 Portuguese were working for an American contractor building a new Israeli air base in the Ngev Desert while thousands of others were working for a Brazilian firm building a railway in Iraq.

A Special Correspondent

PORTUGUESE INDUSTRY VI

Preparing for the challenge

CONTINUED FROM PAGE 1

electricity. The text was ambiguous on this issue and many believed that it foreshadowed the breaking up of the monopoly of the present State-owned utility, formed from 14 private companies during the revolution.

If Portugal is to gear itself for joining the European community such a shake-up is essential. Indeed among the more European-minded there is a feeling of "if we don't do this now we will miss the boat completely."

The Government has provided a lead but it is still questionable whether the private sector will be able to play the part it is called upon to play. There will be no return to the pre-revolution situation in which a handful of families dominated the economy. Yet equally those who had assets nationalised now have access to compensation bonds which can be discounted to obtain investment finance. This has not yet been done on a large scale.

The private sector is diffident and without a clear voice. Right now it is having to face a drop in the economy's growth and cope with a tough monetary policy, this year the economy is likely to grow no more than 3 per cent—one of the lowest rates since the revolution. The Government is afraid of reactivating too soon for fear of letting inflation once again move above the 20 per cent mark.

The tight credit policy, implemented via monthly ceilings applied to the banks, is having a serious impact on industry. For instance construction which employs directly and indirectly over 250,000 people, or nearly 20 per cent of the labour force, is hard hit.

Credit has evaporated for buyers of new homes and around Lisbon alone almost 30,000 apartments remain unsold. Complaints come from industrial concerns like Centrel, the telecommunications company taken over from the UK group Plessey, and 27 per cent owned by the state which finds it hard to obtain credit even with 18 months orders to show the banks.

The Government would like to force companies to begin using the stock exchange but this habit takes time. In these circumstances a question mark hangs over how the private and public sectors will obtain finance for large projects, such as development of the major pyrite deposit in the south.

This could cost over $600m which Quimigal, the state mining and chemicals conglomerate, cannot raise itself. The pyrites project touches the whole question of foreign investment in Portugal.

The AD Government has actively encouraged foreign investment in the belief that this stimulates a modernisation of the economy and provides necessary outside finance. But so far foreign investors have been hesitant, partially because of the small size of the Portuguese market and partially because of concern over the existing framework of labour laws and general doubts about the constitution.

Renault is the only multinational to have taken a big plunge with saloon car production and components manufacture and claims to be well satisfied. However this decision was taken over four years ago. A major boost undoubtedly will be the move by Ford, which has signed letters of intent for a $1bn investment. A firm decision on a car plant at Sines in the south is expected from Ford in December and this could prove a catalyst, encouraging others.

Portugal is offering an attractive package of fiscal and financial incentives to Ford and is emphasising the comparative advantage of its labour costs. The comparative advantage of labour may well work with a multinational. Unfortunately it is an advantage the bulk of Portuguese industrial concerns often find difficult to utilise. For these are small in size, operating with inadequate technology, and often unsophisticated management.

The opportunities of expansion through export markets are conditioned by limited financial means and a general ignorance of how to approach customers. Thus Portuguese industry remains vulnerable to foreign competition. In the case of textiles, responsible for 42 per cent of industrial production, much greater sophistication exists but here Portugal is dependent upon agreements with the EEC and vulnerable to Third Country competition—the challenge ahead rests as much on the private sectors shoulders as the Government's.

TRADE WITH EEC

Countries	EXPORTS 1981 Tons	EXPORTS 1981 Esc.(bn)	EXPORTS 1980 Tons	EXPORTS 1980 Esc.(bn)	IMPORTS 1981 Tons	IMPORTS 1981 Esc.(bn)	IMPORTS 1980 Tons	IMPORTS 1980 Esc.(bn)	1981 Balance	1981 Coverage rate	1980 Balance	1980 Coverage rate
W. Germany	564,979	31,753,962	637,327	31,372,965	553,583	65,376,129	530,074	55,810,905	−33,622,167	48.6	−24,437,840	56.2
Belgium-Lux.	138,351	6,768,341	238,020	7,200,750	249,492	14,253,333	330,894	14,644,581	− 7,474,992	47.5	− 7,443,831	49.2
Denmark	54,779	4,350,743	41,988	4,136,024	17,405	2,594,796	41,232	2,730,657	+ 1,755,947	167.7	+ 1,405,367	151.5
France	546,560	32,102,368	556,649	24,530,722	843,712	46,388,721	704,698	34,534,466	−14,286,353	69.2	−10,003,744	71.0
Holland	369,086	12,001,367	413,291	10,945,472	373,847	7,460,998	348,779	13,561,552	− 5,459,631	68.7	− 2,616,080	80.7
Ireland	14,657	1,121,973	18,633	816,237	17,286	1,597,574	17,972	863,408	− 475,601	70.2	− 47,171	94.5
Italy	199,804	10,796,990	217,391	13,233,812	221,289	32,121,593	238,229	24,963,042	−21,324,603	33.6	−11,702,230	53.1
UK	703,902	36,956,984	847,137	34,325,450	715,254	47,828,330	578,695	41,616,681	−10,871,346	77.3	− 7,291,231	82.5
Greece	31,180	1,086,521	22,621	714,691	3,750	328,162	20,246	501,750	+ 758,359	331.1	+ 212,941	142.4
Total	2,623,298	136,939,249	2,993,057	127,276,123	2,995,538	227,939,636	2,810,819	189,199,942	−91,000,387	60.1	−61,923,819	67.3

Much depends on how the two countries resolve their dispute over a special trade agreement with EFTA

EEC entry complicated by links with Spain

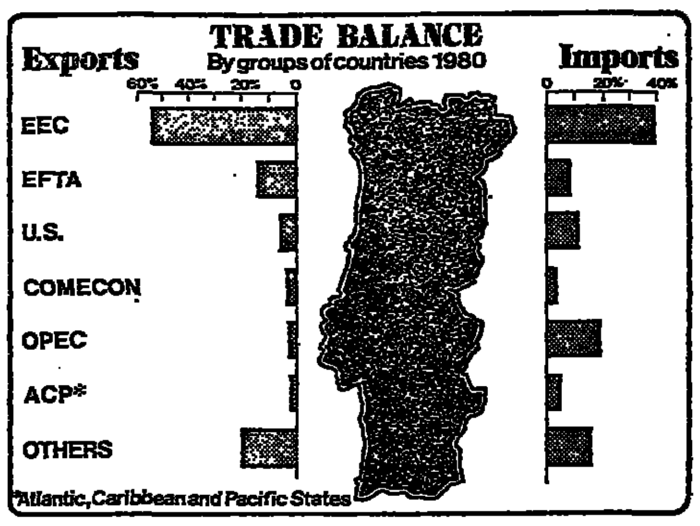
OFFICIALLY PORTUGAL still expects to be able to join the EEC before the end of 1984 but the idea of a fixed timetable has become a fiction. The combination of the EEC's own internal problems coupled with those of digesting two new members, especially Spain, has made Brussels wary of any firm commitment.

The timing of accession had, in fact, tended to be a wish fulfilment of these two countries trying to join. Furthermore, Portugal has been caught up in what it always hoped to avoid. Having applied to join before Spain and its negotiations still being at a more advanced state, Portugal has nevertheless become increasingly treated as a tandem negotiation with Spain.

As a result the infinitely greater problems surrounding Spanish entry have this year begun to rebound on Portugal. This was evident during the June ministerial meeting when, as a result of a French request, the Community agreed to a detailed study of the effects and cost of absorbing the new members. This was essentially a delaying tactic, French-inspired but not disputed by the other members who were not unhappy to hide behind France.

Portugal—as much it has individual choice in these matters—has kept its options open over joining simultaneously with Spain. Earlier in the year Sr Francisco Pinto Balsemao, the Prime Minister, indicated that Portugal could not wait indefinitely for Spain to tie up its negotiations. Equally, it does not wish to alienate its bigger neighbour in the Iberian peninsula and Portugal may soon discover that the problems of joining the EEC in isolation may be even greater.

Much will depend here on how the two countries resolve their current dispute arising from a special trade agreement negotiated between Spain and the European Free Trade Association (EFTA) to cover Portugal. This was called Annexe P and was negotiated in order to provide special treatment for Portugal with slower liberalisation before accession. The agreement which came into force in July 1980 was designed to favour Portugal but in practice it has worked the other way.



*Atlantic, Caribbean and Pacific States

Advantage

Portugal's theoretical advantage was that Spain undertook to liberalise at a faster pace but for a more reduced list of goods. Unfortunately for Portugal the demand for its goods in Spain fluctuates and spans a limited range—industrial and non-industrial. In the case of Spain it exports a broad range of goods. Thus Portugal, liberalising more slowly but across a broader range, has found its trade adversely affected.

Last year Spain exported to Portugal goods worth Es 39.5bn, a 53 per cent increase against Portuguese sales to Spain of Es 7.2bn. In five years Spain has quadrupled the value of its exports. The bulk of this increase is accounted for by steel imports, cement, chemicals (75 per cent of which enter duty free), vehicles and vehicle parts, domestic appliances and mechanical goods. Against this Portugal is selling mainly pulp and paper, some foodstuffs and wines, limited minerals and ceramics.

The imbalance has become such that there is now strong pressure to renegotiate the annexe; the Portuguese have been for the past two months been creating administrative difficulties for Spanish imports. In practice imports from Spain have halted.

The resolution of this problem is of vital importance to Portuguese industry and the economy as a whole. When the two countries join the EEC they will be obliged to eliminate restrictive practices and Portugal is more vulnerable to Spanish industrial competition than vice versa.

Quite a lot of the industrial products now entering Portugal through Spain as a result of Annexe P are those produced by the subsidiaries of multinationals and this is the most logical way to supply the Portuguese market after accession.

In Brussels the issue has been raised but only in vague terms. The Commission recognises that there will have to be a special transition period for Luso-Spanish trade. In Lisbon this pattern is seen as one of the two most serious issues to be tackled regarding EEC entry.

The other issue concerns agriculture which in turn is directly related to the whole question of Portugal's budget contribution. Neither the reorganisation and adaptation of Portugal's agricultural sector nor the budget contribution have yet been tackled. This must await the Community's own deliberations on the fate of the Common Agricultural Policy and budgetary contributions.

On the basis of the EEC's present budgetary structure which penalises those countries importing foodstuffs from outside the Community, Portugal risks being a net budgetary contributor—only 12 per cent of its foodstuff imports come from the Community. But such a situation is unacceptable and the Government is on record as saying as much.

On the *purely industrial side* the most important issue for Portugal concerns its textile industry. Textiles account for 42 per cent of industrial output and are the largest single export item to the Community.

The existing trade arrangement for textiles expired at the beginning of the year and since then Portugal has been exporting on the basis of self-restraint to avoid Community members, largely Britain, adopting safeguard measures.

As of July the French have proposed that Portuguese textiles be treated in two phases—pre-accession and post-accession. During the pre-accession phase Portuguese textiles would be allowed an average annual increase in sales of 5-6.5 per cent. The British had been seeking less growth. On accession there would be a four years transition period before the lifting of restrictions.

The growth rate during the first year would average a mini mum of 7 per cent and reach a maximum of 15 per cent in th final transitional year. Portuga has until now stated that i would not accept any restric tions on its textile exports afte entry. But the French proposal though less than what has bee demanded, is better than wha the Portuguese had expected.

On a more general level Por tuguese industry is showin more anxiety now about compe tition from Third Countrie than from the EEC member There is especial concern abou competition from countries i the Lome Convention and fro Far Eastern countries whic have already negotiated trad deals for access of their good to the EEC.

Industrialists now seem to b far more aware of the problem surrounding EEC entry tha even a year ago. Then ther persisted a generalised beli that Portugal's EEC entry wa a "good idea" yet with littl study of what the idea entaile Now greater awareness h tended to temper the enth siasm.

Enormous adjustments wi have to be made if industry going to be able to stand on i own feet. For instance, accep ance of customs union wi mean that the current prote tion afforded by high tariffs some 15 per cent of industri goods imported from the EE will, eventually, have to d appear. For many small- a medium-sized industrial co panies lacking manageme skills and financial resourc this is a daunting prospect.

Robert Graha

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.10 For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 King Rollo. 1.50 Bric-a-Brac. 2.01 For Schools, Colleges. 3.20 Top Gear. 3.55 Play School. 4.20 Puzzle Trail. 4.35 Think of a Number. 5.10 Jockey School.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Woodhouse Roadshow. Barbara Woodhouse at Peterborough.
7.30 To the Manor Born, starring Penelope Keith and Peter Bowles.
8.00 Fame.
8.45 Points of View with Barry Took.
9.00 Nine O'clock News.
9.25 Whicker's World. The First Million Miles! Alan Whicker looks back at his first ten years in television.
10.05 Sportsnight. Commonwealth Games Preview; International Ice Skating: The St. Ivel Ice International.
11.28 News Headlines.
11.30 Barbara Mandrell and The Mandrel Sisters.

Tonight's Choice

A marked sense of *déjà vu* tonight, with the best programmes repeats. The most interesting should be Whicker's World on BBC-1 at 9 when Alan Whicker recalls some of the women he was interviewing twenty years ago.

Then there are reruns of To The Manor Born and Smiley's People on BBC-2. But pick of the day should be Timewatch (BBC-2 at 8), the first of a new series devoted to history. The first edition goes no further back than the behaviour of the Duke and Duchess of Windsor during the War, plus film of the UK's first atomic test and a look at Chatham Dockyard. It is good that television should acknowledge history, but, given the constant reinterpretations of the past, more crucial issues could be investigated than these.

Repeats, too, on the radio, but quite worthwhile ones. At 8.45 on Radio 4 there is The Last Cabaret Before The MI written by the songwriter and poet Fran Landesman and at 10.30 more humour on The Burkiss Way, which can be very funny.

ANTONY THORNCROFT

BBC 2

6.40 am Open University. 9.00 Gharbar. 9.30 Labour Party Conference. 11.00 Play School. 11.25 Labour Party Conference. 12.55 pm Open University. 2.00 Labour Party Conference. 5.40 Charlie Brown. 6.05 Cartoon Two. 6.15 One Man's Yacht.
6.40 Collecting Now. 7.00 Schools Prom. 7.30 News Summary. 7.35 De Bono's Thinking Course. 8.00 Timewatch. 9.00 M*A*S*H. 9.25 Smiley's People. 10.25 Jack High. 10.55 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 We'll Tell You a Story. 12.10 pm Rainbow. 12.30 The Electric Theatre Show. 1.00 News with Leonard Parkin, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Racing From Newmarket. 3.15 Labour Party Conference. 4.15 Dangermouse. 4.20 Emu's World. 4.45 The Final Frontier. 5.15 Diff'rent Strokes.
5.45 News.
6.00 Thames News with Andrew Gardner, Rita Carter.
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life . . .
7.30 Coronation Street.
8.00 Starburst.
9.00 Strangers.
10.00 News at Ten.
10.30 Mid-week Sports Special.
11.40 Thames Sport Special.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 5.15 Private Benjamin. 6.00 About Anglia. 11.40 The Living Legends of Jazz and Blues.

BORDER
1.20 pm Border News. 5.15 Survival. 6.00 Lookaround Wednesday. 11.40 House Calls. 12.10 Border News Summary.

CENTRAL
1.20 pm Central News. 6.00 Crossroads. 6.25 Central News. 6.00 Crossroads. 11.40 Journey to the Unknown.

CHANNEL
1.20 pm Channel News. 5.20 Crossroads. 6.00 Channel Report. 6.30 Untamed World. 11.40 Late Night Drama: "The Spaver Connection." 12.10 am News and Weather in French.

GRANADA
1.20 pm Granada Reports. 2.00 Exchange Flags. 5.15 The Beverley Hillbillies. 6.00 This is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 11.40 Vegas.

GRAMPIAN
12.30 pm Portrait of a Village. 1.20 North News. 5.15 Private Benjamin. 6.00 North Tonight. 10.30 Scotsport Special. 11.30 Nero Wolfe. 12.30 am North Headlines.

HTV
1.20 pm HTV News. 5.15 Stingray. 6.00 HTV News. 11.40 Journey to the Unknown.

HTV CYMRU/WALES—As HTV West except: 11.05-11.20 am About Wales. 12.00-12.10 pm Flatabalam. 4.15-4.45 The Adventures of Black Beauty. 4.45-5.15 Sion Blii. 6.00-6.35 Newyddion. 6.35-6.55 Report Wales.

SCOTTISH
1.20 pm Scottish News. 5.15 Crossroads. 5.40 Action Line. 6.00 Scotland Today. 6.30 World Worth Keeping. 10.30 Scotsport Special. 11.30 Late Call. 11.35 Vegas.

TSW
1.20 pm TSW News Headlines. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Televiews. 6.40 Sportsweek. 11.40 Late Night Drama: "The Spaver Connection."

TVS
1.20 pm TVS News. 5.15 Happy Days. 6.00 Coast to Coast. 11.40 Shelley. 12.10 am Company.

TYNE TEES
1.20 pm North East News. 1.25 Where the Jobs Are. 5.15 Mr Merlin. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 11.40 Facing Death. 12.00 Briefly Met, Long Remembered.

ULSTER
1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Happy Days. 6.00 Good Evening Ulster.

YORKSHIRE
1.20 pm Calendar News. 6.00 Calendar. 11.40 Late Night Drama: "The Spaver Connection."

RADIO

(S) Stereo (when broadcast on VHF)

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00 John Peel (S).

RADIO 2
5.00 am Peter Marshall (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 6.00 John Dunn (S). 8.00 European Soccer Special. 9.30 Ronnie Aldrich (S). 10.00 Wit's End. 10.30 Hubert Gregg. 11.00 Brian Matthew. 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Puccini. 10.00 Beethoven and Shostakovich (S). 11.00 Bournemouth Symphony Orchestra (S). 11.40 Clementi (S). 12.15 pm Vaughan Williams and Elgar (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Baltimore Symphony Orchestra (S). 3.45 Italian Cello Sonatas (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Chopin (S). 7.00 Music from Cambridge (S). 7.00 Goethe's Poetry (S). 7.30 Royal Liverpool Philharmonic Orchestra. Part 1: Walton, Mozart (S). 8.20 Six Continents. 8.40 Concert, Part 2: Bax (S). 9.25 Snippets. 9.35 Reger and Hindemith (S). 10.20 Faure and Lutoslawski Quartets (S). 11.15-11.18 News.

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 More Tales from a Long Room. 8.57 Weather, travel. 9.00 News. 9.05 Midweek: Russell Harty's People (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Morning Story. 10.45 Daily Service (S). 11.00 News, travel. 11.03 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Outbreak of Fear (S). 12.55 Weather, travel, programme news. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: "A High-Pitched Squeak," by Sheila Hodgson. 3.47 Time for Verse. 4.00 News. 4.02 Just After Four. 4.10 File on 4. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 The Six O'clock News, Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 What Price Compensation? 7.45 Asian Links. 8.15 Apples from a Rose Bush. 8.45 The Last Cabaret Before the MI (S). 9.15 Crowdie and Cream. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 The Burkiss Way. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Unforgettables. 12.00 News, Weather.

GARDENS TODAY

Three outlines for the front garden

BY ROBIN LANE FOX

HOW DO you make a pretty front garden? Not many gardeners succeed, and as I do not have one I cannot pass on a ready-made plan. I have a south-facing house wall on which I inherited the wrong sort of pale wisteria and I have lacked the nerve to pull it out. I have brightened it up with clematis, a single climbing rose with pink and white flowers, and a tangle of leathery leaves called Trachelospermum.

I am fond of this curious plant, perhaps because it is hated by the rest of my family. To their great relief, last winter seemed to have destroyed it, but just when we were talking of honeysuckle instead, it produced one shoot from below the ground and started to grow like a triffid. It seized its chance while I took the family to France, and by the time they returned there was no excuse for killing it. Next May it will reward me with another round of its olive-green flowers and their exquisite scent. If you like odd plants, try this one.

Beneath it, I have a narrow bed on which I grow that essential shrub, golden leaved daphne, lavender, a wet patch for the bulbs of the charming pink Crinum and a dry space below the wisteria for some grey flowered gladioli and large clumps of jonquils. If you are ordering some belated bulbs remember that these jonquil narcissi like to be roasted in a dry, south facing bed. They always look like plants for a lush meadow, but they soon dwindle if you abandon them in grass. Pack them below climbers on a south facing wall and their scent will delight you next spring.

Other plants come and go among this, some winter irises autumn crocus, various cistuses and a very thorny sort of bramble. But it is not so much a planned front garden as a bed which has grown up by chance. It could be much better, as I soon realise when I look at neighbouring gardens which have been planned properly.

Somewhere, you must have a south facing section of the garden. I doubt if you could improve on the planting of an ageing neighbour who moved house at the age of 80 and decided that she would plant the front garden largely for autumn. With an old fashioned eye for colour, she limited herself to pinks, blues, lilac, silver and scarlet. In the autumn of her life, she would go out in style with the best that good garden plants could give her. In any town or sheltered village, I would happily copy the result.

Silver leaved plants especially the best artemisias gave her a background and among them she placed those lovely blue flowering shrubs for the autumn season, the tall blue ceratostigma and the deepest form of caryopteris called Kew Blue. Between them she put clumps of the hardy pink penstemon called Evelyn and the less hardy ones with pink and lilac tubular flowers which she had raised from seed. She banned all colours among annuals except for some pale lilac petunias. petunias.

Against the house wall groups of the shocking pink Nerine, or Guernsey Lily found a place behind the silver leaves while the cheap blue autumn crocus showed through the front row beside paving stones. Orange scarlet flowers came from the tall stems of the hardy Phygelius of which I wrote last month.

Over the low hedge which marked the garden's boundary, she grew the best pale blue clematis called Perle d'Azur and one of my particular favourites, the herbaceous clematis called Jouiniana which bears pale four petalled flowers of lilac white, like thin crosses from August onwards and grows into just the shape for a low wall. Buy the form called Jraecox from a specialist and you will see its flowers before autumn is too far advanced.

From August onwards this front garden is as pretty as you could wish. The clematis are best bought from a specialist nursery, such as Treasure of Tenby Wells but I mentioned the rest of her plants because you could raise most of them cheaply if you took cuttings now from a friend's stock and sheltered them over the winter. All these autumn flowering plants root with the greatest ease, allowing you to plant profusely without a large bill. In a normal winter, they are hardy in a sunny bed.

If autumn is not your season, you might like to copy a friend who has put everything down to violas. Many old forms are sold by their nurserymen, Richard Cawthorne, now in Sidcup, Kent. In spring, he supplies orders placed in autumn with well rooted cuttings in pots. Beneath bushes of those two good roses, the white Pascali and the buff apricot Chanelle, I know a front garden with nothing but these violas in a carpet, pale yellow Moonlight, rose lilac Vita and the vigorous blue Invercurie Beauty with its long stems.

All summer, it is a bright carpet of flowers until mid-August when the viola's stems lengthen and should be cut back, even if you lose some buds and flowers. The plants then enter the winter in good shape and give you autumn cuttings with which you can increase their numbers.

If you prefer the spring, I cannot help thinking of a friend who noticed from the pictures in Miss Jekyll's old books how she mixed up pink and white London Pride with clumps of the white flowered Bruno's Lily, now sold as Anthericum. Together, they look charming, a bold edge for a front garden of white cistus, the white variegated Honesty, laced pinks and the desirable white Valerian. From May to July there is always a bright burst of flowers here, continued by bedding plants, sown late in the spring.

From these three outlines, you have a scheme for each season and a moral for the front gardener's art. Start with a clear limited vision and stand by it. Choose your main plants and mass them for their season, stopping the garden's front section from becoming a straggling confusion. Perhaps those collectors of garden gnomes are doing it all on principle, sticking to what they want and choosing nothing else. Give me living violas instead, but concentration raises the tone of anything you plant for effect.

RACING

BY DOMINIC WIGAN

FRANCE and Ireland are represented in today's renewal of Newmarket's William Hill Cheveley Park Stakes and the race—so often a reliable classic guide—again looks like producing a pointer or two to the possible outcome of the 1,000 Guineas.

"Cricket" Head saddles the French representative, Ma Biche, for her mother, Mrs Alec Head. Mrs Head's husband trained Midgett II to land this race in 1955 before winning the prize again through Opaline II (1960) and with Midge (1968). Evening Belle and Sweet Emma represent Ireland.

Mr Biche, a brown filly by Key To The Kingdom out of that fine Roi Dagobert mare, Madge, could hardly have been more impressive on her racecourse debut at Maisons Laffite in July.

Always going well within herself in the Group I Prix Robert Papin, Ma Biche came home with a length-and-a-half in hand of Deep Roots, with Crime Of Passion a further head back third. That was an encouraging performance and Cricket Head must have been disappointed a few weeks later when Deep Roots easily reversed the form in the Prix Morny at Deauville, where the pair were separated by On Stage.

It will be interesting to see whether this afternoon's yielding ground on the Rowley Mile will help Ma Biche, for on both her previous appearances she heard her hooves rattle. Of one thing there is no doubt—Ma Biche would not be in today's line-up were her astute connections not more than a little hopeful of success.

Neither Evening Belle nor Sweet Emma is considered in Ireland likely to give that country a sequel to Woodstream's win of a year ago. So it may well be that Favoridge will prove Ma Biche's most serious problem. Asked to settle in a race for the first time at Newbury last time out when an uneasy second favourite for the St Hughes Stakes, Favoridge repaid the waiting tactics with an astonishing performance. Picked up only a furlong from home, she swept through to put six lengths between herself and runner-up, Crime Of Passion.

Had the ground been riding on top today I would have had no hesitation in siding with Favoridge. However, under the present conditions Ma Biche each-way looks preferable.

NEWMARKET
3.00—Ma Biche**
3.30—Worlingworth*
4.35—Work Mate***

A matter of how to ring the changes

Jason Crisp looks at Thorn Ericsson in his occasional series on companies exploiting the liberalised UK telecommunications market

IT MAY be of only faint comfort to the crushed commuter, but over the next four years London Transport is going to replace its antiquated and unreliable internal telephone system, much of which is pre second world war.

Instead one of the largest and most sophisticated private digital telecommunications systems in Europe, with 10,000 extensions, will connect all LT's underground stations. Currently 278 in number, they are spread across nearly 200 square miles of the metropolis.

The £4m-odd contract for this complex system was won by Thorn Ericsson, a joint venture between LM Ericsson, the powerful Swedish telecommunications company and Thorn EMI, the large UK electronics and entertainments group.

The company is in a particularly promising position to take advantage of the liberalisation of the UK telecommunications market. On the one hand it has access to the advanced technology and products of LM Ericsson, one of the world's leading telecommunications companies.

On the other, it has the opportunity of using Thorn EMI's extensive rental and retail outlets—such as Radio Rentals, DER, Multibroadcast and Rumbelows—and possibly their maintenance staff. In addition it has a well established manufacturing operation in Scunthorpe.

Thorn Ericsson's major growth over the next 18 months or so is likely to come in large private automatic branch exchanges (PABXs)—defined as exchanges with more than 100 extensions. But in the longer term the company sees greater opportunities in the market for small PABXs, "key systems," and also the peripheral equipment attached to them.

For many years a limited number of companies—including Thorn Ericsson—have had approval to sell large PABXs, while British Telecom's monopoly to supply the much larger market for small exchanges has been retained. At one stage Thorn Ericsson had a sizeable share of the market for the large systems, but this has declined substantially over the past few years because the technology of its approved product—electromechanical crossbar—was overtaken by electronic exchanges from competitors. Only now, with its new digital, computer-controlled product—developed in Sweden—is it able to rebuild its market position.

Liberalisation of the PABX market is not scheduled to happen until July next year. For large PABXs it will mean companies will then be able to supply peripheral equipment such as terminals and telephones, and they will not be constrained just to selling the exchange. And for the first time, companies will also be able to compete with British Telecom in the market for small PABXs—those with less than 100 extensions.

The MD 110 exchange which is being bought by London Transport is one of a number of large digital PABXs which are currently being tested by British Telecom for technical approval to connect to the public network.

The Thorn Ericsson exchange can vary in size from 100 extensions up to 12,500. Although it has not yet received formal approval from British Telecom the company has an order book of £19m for it, compared with Thorn Ericsson's total sales last year of £30m.

After the Monopoly

In spite of this strong order book for the MD110, Duncan McDougall, managing director of Thorn Ericsson, is somewhat uncertain about the pickings to be had in this sector. "There will be many folk there, with a limited number of customers and a growth rate of the order of 5 to 10 per cent. And whereas in the past you had about seven suppliers, very rapidly you will have 10 to 12. And one of those will be BT itself, which traditionally has not been in this market. It will be a significant influence."

Thinly based

With BT possibly taking over 30 per cent of the large PABX market, McDougall believes that not every company entering the field will stay in it for long. "I am not sure the market is big enough to sustain all the folk who are going into it. A company that has a thin base of products may find the going tough in the next few years. I am quite happy we are not that thinly based. It is definitely going to be a very much more competitive market with a great deal more choice . . . the professional companies will survive, but the others will find the going very difficult."

McDougall is also rather cautious about the potential of the small exchange market for Thorn Ericsson. He believes British Telecom will retain about 70 per cent of the business — although the remaining 30 per cent is probably worth as much as the whole of the large PABX market.

His concerns are the speed at which new products are given approval for the market, and the nature of the competition. While he says Thorn Ericsson will have a presence, there is a fear that it may face tough price competition. McDougall says the company will not have the lowest price models on the market, but will play on its strength — ie, that they are well proven in international markets.

The company is planning to offer a range of small PABXs which are computer-controlled but use analogue technology. Although digital technology is fashionable, McDougall points out that the advantages for the vast majority of small organisations are minimal.

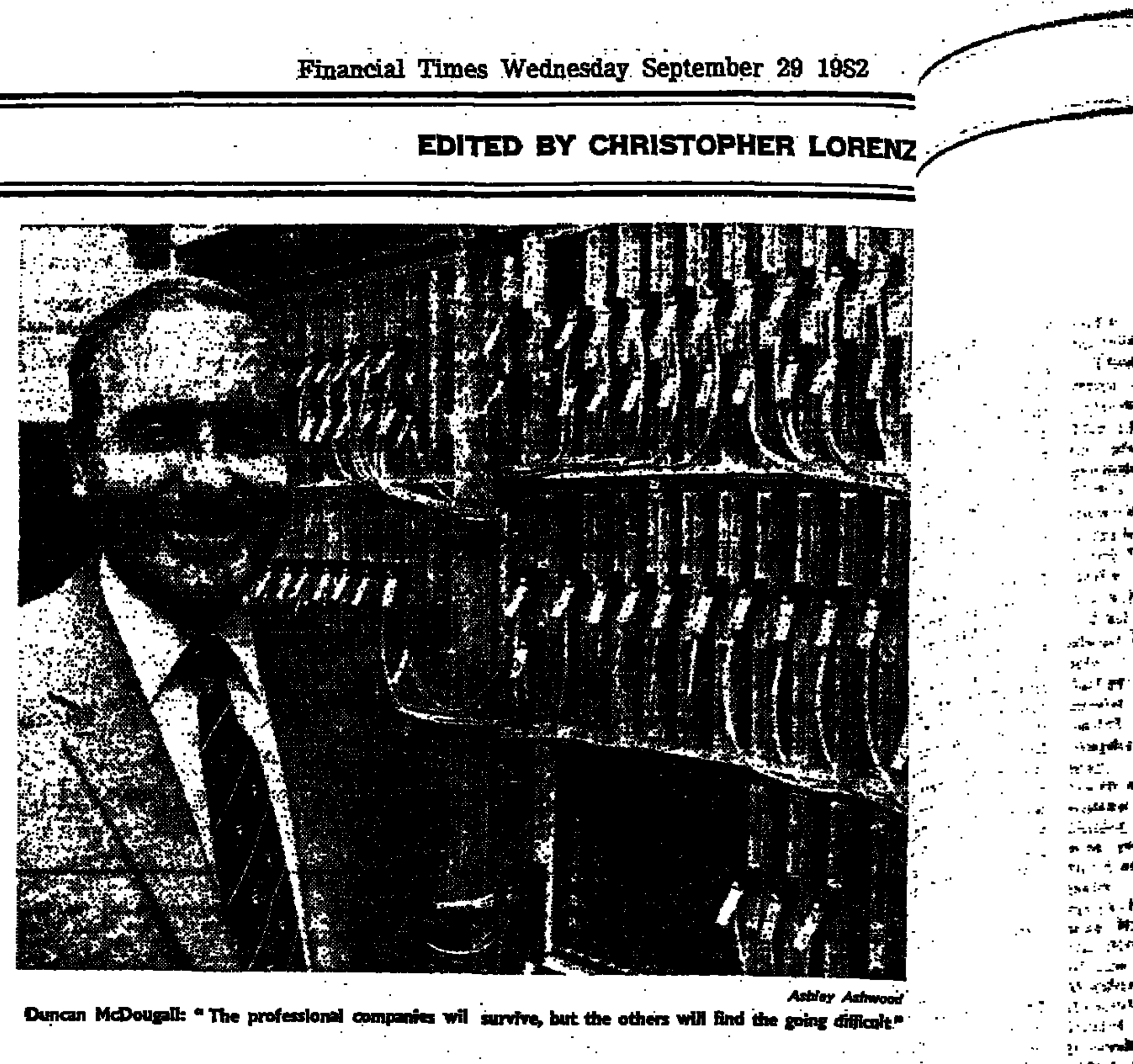
At the very small end of the range it will offer a number of "key systems." These are already sold by BT in its "Earl" range, and as McDougall emphasises, around 30 per cent of the U.S. market is accounted for by key systems, which are essentially electronic versions of the key and lamp systems.

One significant question which has yet to be resolved by Thorn Ericsson is how it will organise its maintenance and service—a key question for any company wishing to succeed in the liberalised UK market. Like a number of other suppliers, it appears to favour BT, with its substantial national engineering force. The problem is whether BT will offer competitive rates for the maintenance of equipment which will compete with its own products. The price of maintenance is a significant factor in the cost of ownership of the equipment.

For Thorn Ericsson the main alternative is for maintenance to be carried out by service engineers from one of Thorn EMI's rental arms.

Although one of the greatest areas for growth is in the terminal equipment which is attached to the exchanges, McDougall warns that it is an area which will take a long time to develop.

In the last four years Thorn Ericsson's UK turnover has doubled in the restricted unliberalised market—with a substantial part of its business coming from British Telecom itself. Yet McDougall expects it only to double again in the next five years in the free liberalised market, and profit margins will undoubtedly be squeezed.



Ashley Ashwood

Duncan McDougall: "The professional companies will survive, but the others will find the going difficult"

A marriage of convenience

The joint venture between Thorn and LM Ericsson which began in 1973 was something of a marriage of convenience. For LM Ericsson it solved a political problem. A year previously it had won—much to the irritation of the established UK telecommunications industry — a major contract to supply a large international exchange to the Post Office.

There was, inevitably, considerable pressure to manufacture in the UK although this did not actually happen for about four years. In the meantime some of the criticism was defused by the terms of the link with Thorn, which gave Ericsson only a minority stake of 49 per cent.

Thorn had had long connections with the telecommunications industry through a loose link with General Telephone and Electronics which stemmed back to just after the war. At one time GTE had held up to 25 per cent of Thorn's equity, but after a number of acquisitions by Thorn in the late 1960s GTE sold its stake. Thorn retained a desire to be in the telecommunications business, however.

Since 1973 the joint company has become the major supplier of the very large international exchanges used in the UK. Almost all other public exchanges made for the Post Office—now British Telecom—are made by the three traditional suppliers: GEC, Plessey and Standard Telephones and Cables.

Thorn Ericsson's factory at Scunthorpe was opened in 1976 to perform fairly simple functions such as the back wiring for the exchanges. It now employs 250 of the company's 725 staff and exports 60 per cent of its production, mainly back to Sweden. Thorn Ericsson claims as much as 70 per cent of the new digital PABX, the MD110, will be made in the UK. One of the main exports is a telephone answering machine which was the result of purchasing a UK company—Recordacall. This product is also sold to BT.

Thorn Ericsson's sales performance has been somewhat erratic because contracts for international exchanges are large but infrequent. In addition, its loss of the market for large PABXs for lack of a suitable product has depressed recent results. Sales in 1977 were £23m, but by 1979/1980 they had fallen to £15m. In late 1979 half of its turnover came from PABXs, 37 per cent from internal systems and rental and the remainder from public switching—main exchanges—and a small amount of sub-contract work.

Yet three years later only one quarter of its £30m business comes from PABXs and nearly 40 per cent from main exchanges. The substantial swings between different sectors are likely to continue.

The company currently offers a number of other products in the UK, including pocket paging devices, an automatic call distribution system for large reservation and inquiry services, sound distribution systems, telephone answering systems, and special telephones which are sold through BT.

BOARDROOM BALLADS

DEATH BY MERGER

A corporate entity, which starts
As just an aggregate of parts,
Evolves in time, within its whole,
An idiosyncratic soul.

★

This personality defeats
Analysis by balance sheets,
The way your character eludes
The X-ray and the cathode tubes.

★

These tell us much about our health,
As balance sheets of corporate wealth;
But neither takes us very far
Towards clarifying what we are.

★

But what we are, on this strange earth,
Defines our value and our worth;
Not, for a man, his ears or throat,
Nor, for a company, its quote.

★

Yet analysts are prone to make
This odd but seminal mistake,
And think the rules of purchase hold
When companies are bought or sold.

But what the buying company gets,
So often, to its great regrets,
May be a useless bag of parts,
Like buying men without their hearts.

★

Financial analysts are, then,
The very worst of corporate men
To make so subtle a decision
As merger or as acquisition.

★

This may be why we see the trail
Of acquisitions, doomed to fail,
Abandoned to the Jack-the-Rippers
Of corporate life — the asset-strippers.

★

Above all, it's the people presence
Which permeates this corporate essence,
And catalyses, through the whole,
Its special chemistry and soul.

★

So synergies from mergers fail
Because the soul is not for sale;
Just as, when plants and factories close,
More dies than most of us suppose.

Bertie Ramsbottom

Next week: The young unemployed

PUBLIC NOTICES

LOCAL AUTHORITY BILLS
BEDFORDSHIRE COUNTY COUNCIL
Amount of Bills £5,000,000 issued on 22.9.82 maturing 22.12.82 at a rate of 10⁵/₃₂%. Applications totalled £26,000,000. Outstanding Bills £10,000,000.

GREATER MANCHESTER COUNCIL
£8 million Bills issued 29 September 1982 due 29 December 1982. Average rate of 10.0677083. Applications £83 million. Bills outstanding £23 million.

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COMPANY NOTICES

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)

INTERIM REPORT

FINANCIAL

The unaudited results of the Group's operations for the six months ended 30th June 1982 are as follows:—

	Six months ended 30 June 1982	1981	Year ended 31 December 1981
	R	R	R
Profit before Tax	73 300	774 800	808 100
Taxation	(45 600)	200 000	211 000
Normal	63 400	—	—
Deferred	(109 000)	200 000	211 000
NET PROFIT (after tax)	118 900	574 800	597 100

Figures for the six months ended 30th June 1981 have been restated in the light of taxation adjustments to give a more meaningful comparison.

PROPERTY:

Arising from the sale of certain industrial stands in Apex Extension No. 3 and 43 sub-divided residential stands in Mackenzie Park Extension No. 1, an amount of R608 000 (30th June 1981—R80 000) was carried forward at 30th June 1982 in a surplus on property sales-deferred account. Although on the face of it this surplus suggests a significant profit for the full year ending 31st December 1982, notwithstanding commitments in respect of unpaid endowments and commissions, the extent of the full year's profit will depend upon the date of final installation of essential services for the 43 sub-divisions, to which payment of the balance of the purchase prices is directly related: as also the date of proclamation of Apex Extension No. 3, believed to be imminent, and the speed with which the stands sold can be transferred to the purchasers.

TREATMENT OF DUMP MATERIAL

An agreement has recently been concluded with the South African Land and Exploration Company Limited ("Sallies") covering the sale of gold bearing material which will be treated at Sallies' plant. The material concerned is contained in the company's sand dump referred to in previous annual reports. Deliveries of material, which will commence as soon as feasible, will be at the rate of 25 000 tons per production month initially, increasing in due course as additional capacity becomes available in the plant. In terms of the agreement of sale, the company will receive 50% of the net revenue derived from the *gold recovered after deduction of all delivery, screening, reclamation and treatment* costs. Since profitability can be influenced by a number of factors, no accurate indication can be given at this early stage of the benefits likely to accrue to the Company.

By the Order of the Board
J. S. HAMMILL }
J. A. F. WHITE } Directors

Registered Office:
45 Commissioner Street,
Johannesburg, 2001.
29 September, 1982.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

ASAHI GLASS CO., LTD.

EDR 10.000 shares $152.67 · Citibank, N.A. (CSSI Dept) 336 Strand, London WC2R 1HB. September 29, 1982. Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese.

MUNICIPAL TELEPHONE COMPANY OF FUNEN
9% 1976/1984 UA 10,000,000

Pursuant to the terms and conditions of the Bonds, notice is hereby given that, during the 12-month period ending September 14, 1982 nominal UA 925,000 have been purchased for the account of the Company.
Outstanding amount: UA 8,065,000.
The Trustee
FINIMTRUST SA
Luxembourg
September 29, 1982

EUROFIMA
US$40,000,000
Floating Rate Notes 1979/89

The rate of interest applicable for the six months period beginning on September 29 1982 and set by the reference agent is 12⅛% annually, i.e. US$320.52 per bond of US$5,000.

PERUVIAN NATIONAL LOAN
6% EXTERNAL SINKING FUND BONDS

Business courses

Group and Personal Effectiveness — skill with people, Bradford. October 10-15. Fee: £465. Details from Bradford University Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU. Telephone: 0274 42299.

Using Modern Computers in Business, Cranfield. October 24-29. Fee: £720. Details from Course Tutor, Using Modern Computers in Business, Cranfield School of Management, Cranfield, Bedford MK43 0AL. Telephone: 0234 751122.

Foreign Exchange and International Money Management, Brussels. October 13-15. Fee: BFr 35,000 members, BFr 39,0[illegible] non-members of the International Management Association. Details from Management Centre Europe, avenue des A[illegible] 4, B1040 Brussels, Belgium. Telephone: (02) 2190390.

THE ARTS

Television/Chris Dunkley

Programmes without frontiers

The internationalisation of television proceeds apace. To those sitting at home in Britain watching *Smiley's People*, this may be far from obvious, but the first week of the 34th Prix Italia Television Festival in Venice has proved the point with startling clarity. So far we have seen all 21 music entries from 19 countries—Australia to Yugoslavia—and half of the drama entries. Yet the rapid growth in internationalism is already quite unmistakable.

It manifests itself in various ways. The most obvious is that it is becoming the exception rather than the rule for the sort of arts programmes with which the Italia prize is concerned (you never see news, light entertainment, current affairs or sports programmes here) to be made in one country by the people of that country using material coming from that country.

This was seen at its simplest in the very first pair of music offerings led by *Rien que de Source Pure* which was an attempt by France's Channel TF1 to convey to the uninitiated and also, I suspect, to the previously unimpressed such as myself, the folk origins of the music of Bela Bartok who was, of course, Hungarian.

Then came the BBC's *Cruel Garden*, a studio ballet "adapted" from the works of the Spanish poet Federico Garcia Lorca, choreographed and danced by Christopher Bruce, with music by Carlos Miranda, and Colin Nears directing the Ballet Rambert—an entry which without being strikingly original, does exploit studio techniques with great competence and includes one memorable monochrome pastiche of Buster Keaton on a bicycle.

Those, however, were far from being the most internationally flavoured entries. The claim to that record must be shared by the two programmes from West Germany: ZDF's *Das Internationale Tanztheatre: Fall River Legend* (a polyglot title which itself indicates the trend I describe) and Ard's *Die Barke von Venedig Nach Padua*.

Fall River Legend is a ballet about Lizzie Borden, the woman who "took an axe and gave her father 40 whacks." Though it seems a bizarre subject for a ballet, Agne de Mille's choreography makes it, in part anyway, a fascinating drawing-room study, in feel not entirely unlike the *Enigma Variations Ballet*. This American subject was co-produced by ZDF with the Canadian Broadcasting Company. The stage producer, specially contracted for the job, was Ruth Leon of New York; the director was Stanley Latham of Los Angeles; John King from Washington lit it; and it was danced by the Royal Winnipeg Ballet. The rehearsal sequence preceding the ballet proper (shot through the Proscenium Arch, incidentally, not in studio) is in English.

Die Barke van Venedig Nach Padua has, if possible, even more multinational influences. It was co-produced by Ard of Baden Baden with WDR of Cologne, NOS of Holland, and Sweden's TVL. Set in Italy and based on a madrigal by the 17th-century composer Banchieri, telling of a gondola trip down the Branta Canal, it was designed and directed by Dutchman Jaap Drupsteen and performed by German singers.

Drupsteen says of his piece: "Nothing in this production is real. The backgrounds are pictures I took in Venice and Padua with my ordinary Japanese camera. At home I made print and wiped out all tourist, modern boats, "wrong" houses, factories, TV antennae, etc, using photo-montage and an airbrush. The water in the Venetian canals is completly Dutch—it was recorded on video at the border of the Ijsselmeer. The sun, the clouds and the stars are airbrush paintings; only the boat exists, as well as the singers. These separate elements are assembled by means of chromakey technique."

The result is an electronic pot pourri with the pictures quite overpowering the music which is dull and repetitive. Yet the programme must be high among the prize contenders for its sheer technical virtuosity. However, it is the complicated mixture of nationalities involved which interests me most.

But why make such a fuss about it? You may say cultured Europeans have surely been playing the music of other countries' composers and collecting the paintings of foreign artists for centuries. So what is so remarkable in a Dutchman making programmes about Venice or French television featuring a Hungarian composer? There is, I believe, far more to it than that. The international trend in television is not only artistic, it is financial and stylistic.

It is not by chance that over the past 10 years one of the most familiar faces at this ever-expanding festival has become that of Reiner Moritz. He is the man whose activities as co-producer have been central to the creation of scores of prestige programmes. When he was head of RM Productions, Munich, he put money behind such series as the BBC's *Life on Earth* and the *Voyage of Charles Darwin* and ITV's *South Bank Show*.

Now, having parted from RM Productions and announced the formation of a new company earlier this month called Arts International, he already has a catalogue of programmes either completed or in preparation which include co-producer of Denmark's music entry at this festival, a new version of Stravinsky's *Firebird* beautifully danced by the Danish Ballet to the choreography of Glen Tetley. This, too, must surely be on the short-list for prizes.

No doubt this sort of international financing and production with growing input from independents is an inevitable part of modern television, and no doubt it will grow even more as cable and satellites increase the outlets. It is, moreover, an admirable thing in several ways. Without it, many of our most highly regarded programmes would not exist. More, international co-operation in television is desirable for its own sake in a world split by so much international hostility.

But there are debits as well as credits. If, like me, you deplore the modern drive towards sameness in all things (cars, tabloid newspapers, the sexes) and even while loathnig the implications of national boundaries, still savour those characteristics which most sharply distinguish the English from the French or the Americans from the Japanese, then you will not find this creeping, or now perhaps trotting, internationalism in television wholly attractive.

In music, to take the obvious example from the past week in Venice, it is remarkable how few formats so many of the programmes fit into straight recording of independent events, rehearsal-and-performance, and studio mounted versions of known works account for a distressingly large amount of what we have watched.

Worse, the visual and stylistic similarities grow all the time. It would perhaps be going too far to claim that dancing in sexy underwear is now an international cliche, although it featured in Sweden's *Miss Julie* which boasted a stunning blonde ballerina in a white frilly camisole, Austria's *The Clown* which looked for all the world like a Janet Reger commercial, Denmark's *Firebird*, which might have been dressed mostly in 1955 Kayser Bondor slips, and Italy's *Superfalco*, which at times looked like a co-production with Penthouse magazine.

Though we may gain in international co-operation and benefit from some programmes which would otherwise never get made, I am afraid that the final result of internationalisation may also be the disappearance of programmes such as *Severinian, Death and Life*. This is yet another of the extraordinarily rich harvest of programmes produced by Globo of Brazil. It is not the most sophisticated music programme I have ever seen in terms of content (the saga of a peasant tramping from countryside to city looking for El Dorado or, anyway, a job), or philosophy (why do so few have so much, so many have so little), or even technique (though the un-cued switches from dialogue to song are scarcely conventional). But it was wholly different from everything else on offer in the viewing rooms of San Giorgio. It owed little if anything to received notions of programme-making or settled artistic traditions ,and it grew unmistakably out of Brazil's own particular culture. I would have given it the music programme prize though I doubt if the jury here will give it anything. They are internationalists almost to a man.

WIN FOR THE BBC

The BBC has won the Prix Italia 7m lira prize for the best television music programme with its entry Cruel Garden. For the BBC it was a first: in 21 years they have never won the music prize. But for the UK as a whole it was one more honour in a unique record as Europe's premier broadcasting festival. Of 68 Prix Italia awards for television music, drama and documentary made since 1957, the UK has won 24, Sweden, the runner-up, 8 and France 7. The UK's further hopes for awards at this year's festival now rest on the ITV drama, Cream In My Coffee, and the two documentaries, Heart Transplant (BBC), and Test Tube Explosion (ITV).

La Vestale/Perugia

William Weaver

Spontini's rare masterpiece

Compared with the glamour of the Spoleto festival, the youthful earnestness of Montepulciano, the rich, cosmopolitan variety of Florence, the Sagra musicale umbra in Perugia—whose 37th edition has just opened—has a secret, even austere quality. For decades, it has been offering major cultural events, including some world premieres and many important revivals, but it seldom achieves the publicity of its rivals. Characteristically, this year's inaugural event, a concert performance of Spontini's *La Vestale* in the original French, was not sold out.

Yet, it was a splendid and enjoyable occasion. First of all, there was the opera itself. Though it has never entirely disappeared from the Italian repertory, Spontini's masterpiece is something of a rarity. Since the unforgettable Callas *Vestale* at La Scala in 1954 (which marked Luchino Visconti's debut as a stage director), Leyla Gencer has sung the role in Rome, Renata Scotto in Florence, and that's about it. The Italian translation is not bad, but in Perugia there was a special pleasure in hearing the opera as it was first heard, at its triumphant Paris premiere in 1807. Perugia also performed the work uncut (for that matter, its three acts are relatively brief).

Just before the opera began, the loudspeakers of the Teatro Morlacchi announced that the soprano Elizabeth Connell would sing despite an indisposition. Since she was cast in the crucial role of Julia, the unhappy vestal of the title, this was dismaying news. But, in the event, she could hardly have given a more persuasive and exciting interpretation.

If, in the first act, she was a little on her guard, the reticence was in character with Julia's own inner uncertainty. Then, in the vital second act, Miss Connell blazed forth—incidentally giving the lie to those who consider Spontini a "cold," neo-classical composer—and in the third act she achieved the heights of real tragedy and then noble fulfilment. The whole reading was informed with impressive musicality, wide expressive range, and sheer vocal beauty.

Beside this Julia, the Grand Vestal of Alexandrina Milcheva was somewhat dim. In fact, the Bulgarian mezzo *did* sound indisposed, a victim of the treacherous Umbrian autumn. One missed the majestic authority of Ebe Stignani, Callas's incomparable partner in the Scala production.

Though the male roles are less important, in Perugia they were well assigned. The American tenor John Sandor was an agreeable Licinius, tender but not cloying; in the almost equally important tenor role of Cinna, his confidant, Ezio Di Cesare sang well and in comprehensible French. The two basses, Carlo Del Bosco (Consul and Aruspice) and Curt Appelgren (Grand Pontife), were suitably solemn.

Gianandrea Gavazzeni conducted in an easy, affectionate vein, bringing out the numerous felicities of the elegant score, but never forcing the music on the listener. The performance, however, never went slack; and Gavazzeni drew good playing from the Roman Santa Cecilia Orchestra (one might have wished for a more expressive harpist in the final act), which was joined by the chorus of Radio Budapest.

This is a finely-tuned, excellently trained instrument, and Gavazzeni rightly insisted that the chorus master, Ferenc Sapszon, come out and share in the ovation that hailed the conclusion of the performance.

Though the word "sagra" does not mean "sacred" (it means "rite" or, perhaps, "festival"), the Sagra umbra has always concentrated on sacred music or on works with a religious theme. Thus the festival featured the Italian-language premiere of Peter Maxwell Davies' *Le jongleur de Notre Dame* and, in Assisi, the world premiere's of Goffredo Petrassi's *Laudes creaturarum* and Karlheinz Stockhausen's *Il congedo di Lucifero*, both works written in conjunction with the Franciscan celebrations of this anniversary year.

Mass Appeal/Lyric, Hammersmith

Michael Coveney

From the pulpit, Father Tim Farley is concluding his sermon on current crises in Catholicism when up pipes an obstreperous seminarian advocating women for the priesthood. The scene is set for a discussion, perhaps, of that topic, as well as of the Latin mass, abortion, contraception and the financial dealings of the Vatican.

Instead, Bill C. Davis's slight two-hander drifts into the sentimental realm of a teacher/pupil relationship that is threatened by an unseen Monsignor's outrage over the young man's defence of sexual camaraderie among the cassocks.

The play, directed by the actress Geraldine Fitzgerald, has been seen on Broadway and is currently touring the United States with Milo O'Shea as Father Farley. Whatever its defects, however, it offers two cracking good parts that are enthusiastically seized by Gordon Jackson and Rupert Everett.

The setting by David Gropman is of a panelled office and stage right pulpit. Mark Dolson is first seen in red jacket and training shoes, sounding off against the "homophobic" Monsignor and obviously epitomising the playwright hopes, a spirit of genuine messianic fervour. This is in contrast to Farley's snug parish priest status which he has gained by soothing the faithful and accepting in return a non-stop supply of sparkling burgundy.

Dolson blows his first public appearance by snarling at the congregation with its kashmir coats and blue-rinse hair. In this respect he articulates a valid adolescent objection to churchgoers. But he is cooled off by the priest, and tailors his manner accordingly before being scuppered by the Monsignor.

In an interview in which Mr Jackson impersonates the authority figure rather in the style of Falstaff impersonating King Henry, we learn that Farley cut off his mother when she remarried against his will; and that Dolson has had three years of sexually ambivalent promiscuity that failed to solve his inner needs.

It is all a bit pat, if you ask me. But at least Mr Jackson crumbles effectively and, at the end, solemnly divests before returning to his old street corner to rediscover God and his true voice. So what started out as a mission on Farley's part to encourage a valuable lunatic concludes as a statement of his own renewal.

Rupert Everett does not repeat the exciting impression he made in Another Country, but he does achieve some startling switches of mood and expressive gestures of sullen conviction. But this is not a very good play, nor a really convincing one.

Gordon Jackson in Mass Appeal

Stravinsky/Festival Hall

David Murray

The last instalment of the Stravinsky Festival — all the music for voices and instruments, taking in *The Rake's Progress* at Covent Garden — began on the South Bank on Monday night, with David Atherton conducting the London Sinfonietta and the Sinfonietta Voices. Besides the *Rake*, there are three more concerts to come, and an Elizabeth Hall showing of Tony Palmer's brilliant television documentary on the composer.

Stravinsky was most often moved to call upon the human voice when his intentions were folk-Russian or religious, or both. Both veins were represented last night (but not the combination: the Russian Orthodox prayers will be heard in the third concert), more or less alternately, the main works being the late, elevated *Requiem Canticles* and *A Sermon, a Narrative and a Prayer* and the much earlier, earthier *Mavra*. No great revelations about Stravinsky are to be expected now, but Michael Rennison's lively staging of *Mavra* was for many of us the first opportunity of seeing this neglected little opera.

It came off delightfully, despite the awkwardness of having the orchestra on the same level as the action (and the *Mavra* orchestra is fairly aggressive in its jaunty way, sharing the flavour of the contemporary Piano Concerto). The simple story was acted out in a nursery-Russian set by Mark Wheeler. Elizabeth Gale was an expert, pretty heroine, able to parade a bit on points; as her Hussar suitor Philip Langridge was cheerfully lecherous, though his drag act as the new cook "Mavra"—the heart of the action—was tame. There was a very ripe Mother from Marta Szirmay, joined with relish in duet by Felicity Palmer's gossipy neighbour.

Miss Palmer had figured earlier in some of the Peasant Songs with the Sinfonietta Voices, adopting a throaty attack that suited them excellently; and she had the Three Little Songs of 1913 and "Tilimbom" to herself, triumphantly free of any hint of little-song delivery. On their own the Sinfonietta Voices made less of Stravinsky's Eliot anthem, *The Dove Descending*, than of the Gesualdo arrangements, *Tres Sacrae cantiones*, which sustained their pungent effect with just a little uncertain pitch (inevitable in Gesualdo, it seems).

It was the late sacred cantatas, nonetheless, that made the most potent impression. Langridge and Miss Palmer collaborated beautifully in the St Stephen *Narrative*, and Atherton judged the grave fervour of the *Prayer* quite faultlessly, with its *Marteau*-style tam-tams sounding in great waves.

Shirley Bassey/Albert Hall

Antony Thorncroft

Watching Shirley Bassey in action is like viewing a film backwards. Her shows open with a standing ovation; after her first song she is drinking champagne rushed on to the stage; after her second the flowers start to arrive, presented by anxious young men who reverentially kiss her hand while she graciously accepts the bouquets. The end of her concert is inevitably an anti-climax—she appears trailing a spangled robe to sing "My Life."

And yet for all the predictability I thought it was a new improved Shirley Bassey on Monday night. The opening note of her first song, "Goldfinger," was as ugly as only she can sound but after that she was in good voice. Even her quite bizarre emphasis, in which she stresses the banal and swallows the key lyrics, was not so erratic as in time past. So much of the fun was taken away from the occasion, to be replaced by an artist of some talent.

She still treats every song like a three-act drama; her conversation is unchanged through the years; the self obsession, magnified by eight mirrors to ensure you saw a lot of the lady, has not wilted. But there is the other side, too. She is "Shirl," and good naturedly parodies herself in songs like "Big Spender" which is tackled like an assault course.

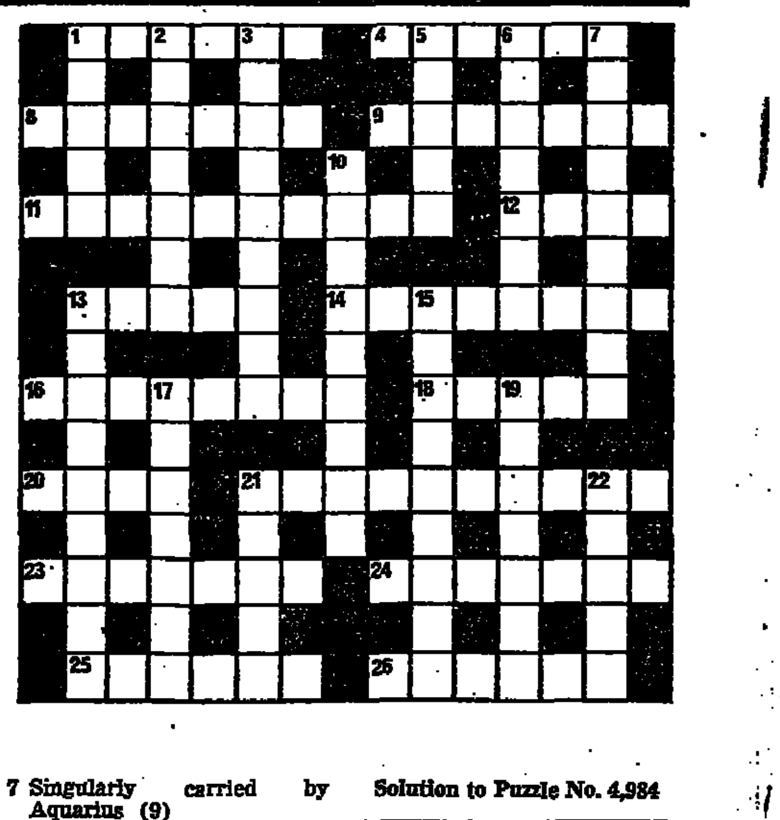
The big ballads remain tricky—the voice can go in any direction — but with some interesting new material, like Neil Sedaka's "Solitaire," and at least an attempt to curb her arms and body movements, for the first time Shirley Bassey seemed a star with something musical to offer rather than just grist for the gossip writers' mill.

Royal Winnipeg Ballet

Canada's Royal Winnipeg Ballet is to appear at Sadler's Wells Theatre for a two week season commencing Tuesday, October 19.

The tour is under the auspices of the Department of External Affairs (Cultural Affairs Division) of Canada and, in addition, sponsorship for the engagement has been given by Northern Telecom; Wood Gundy.

F.T. CROSSWORD PUZZLE No. 4,985



ACROSS

1 Doctor in a row makes for the wood (6)
4 Bird gives a hint about the City (6)
8 Cursed the final one in the plot (7)
9 Ran back with speed to tell the story (7)
11 "The Leafless woodlands where the winds of — range" (Kipling) (10)
12 Priestless discovered in the Roman army (4)
13 Hemp may be found in Arab academy (5)
14 Am poorly, upset in the nursery (8)
16 Out-of-date order about the fish tea (8)
18 Violent outbursts catch Bob in the inner parts (5)
20 A good man always gives support (4)
21 Without deception like a good shot at squash (5-5)
23 Fellowship coy at length (7)
24 Crooner takes refuge inside the Borough (7)
25 Sets my method in odd fashion (6)
26 Look for a feature in school (6)

DOWN

1 Possibly lit up, but it is still a bloomer (5)
2 Here is muddle in a strait (7)
3 One of the marshes in Florida (9)
5 It is custom that makes you wise (5)
6 Not steady on his feet—the dog (7)
7 Singularly carried by Aquarius (9)
10 Politician allowed inside Jerusalem is a foolish person (9)
13 Shot with a cross-bow (9)
15 A great egg mix to assemble (9)
17 Highrise dwelling for the gods (7)
19 Game development from pyramids (7)
21 She was told to fetch her shooter (5)
22 Hastened with a companion to the farm (5)

Solution to Puzzle No. 4,984

FINANCIAL TIMES
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Wednesday September 29 1982

A success for Mr Foot

MR MICHAEL FOOT'S Labour Party is beginning to fall into place. On Monday, the Labour leader succeeded in deflating the Militant Tendency, whose Trotskyite activists had been plaguing the party for the last few years. Militant may not yet be finished, but it is no longer in the ascendancy. The boil has been lanced.

The results of the elections to the party's National Executive Committee yesterday marked a further advance. The departure of Ms Joan Maynard and Mr Leslie Huckfield, for example, means that Mr Foot should now normally be able to count on a majority in his support. He is no longer a prisoner in his own house.

But it was in his speech to the party conference yesterday afternoon that Mr Foot really came into his own. In party political terms, it was a masterly performance. True, there were blemishes which he may well live to regret. It was a trifle rash to promise that British steel production will rise to 20m to 25m tonnes—about double the present level—if Labour returns to power. It was perhaps unduly chivalrous to offer Ms Joan Lestor a place in a Labour Cabinet as Minister for women's rights; the main motives seemed to be compensation for being voted off the NEC in the morning and a recognition that this Labour conference is preoccupied with the issue.

Disarmament

Yet, those are relatively minor matters for the time being. Mr Foot has always said that his first task was to bring the party together again, and in that he has started to succeed. There was scarcely a moment of dissent throughout his speech from young or old, left or right. No Labour leader's address to conference has gone down so well for years.

Mr Foot stressed two themes, much to the party's liking: nuclear disarmament and British withdrawal from the Common Market. On the former, there is no doubt about his commitment. A government led by Mr Foot would not only scrap the Trident missile programme; it would also reject American nuclear bases, including the deployment of cruise missiles, in Britain. More will be heard about this at the conference today.

On the Common Market, he was very slightly more ambiguous. The Labour commitment to withdrawal remains—Mr Foot said so directly—but it is no longer clear that it would be attempted overnight. He is plainly looking for a new arrangement with some of the Socialist governments on the Continent, some of which are outside the European Community. Indeed, it was the reference to the return of Mr Olof Palme in Sweden which received one of the largest cheers of the speech.

Comments

If much of that was music to the conference ear, Mr Foot's comments on the economy were more questionable. Here there is a paradox. To assert his authority over the party, Mr Foot has relied largely on the power of the unions. It was they who used their block votes to defeat Militant and change the composition of the NEC. What he also wants, however, is agreement with the unions on a social contract by another name that would go into effect on day one of a Labour government.

That has still not been achieved, and, until it is, the spectre will remain of the unions bringing Labour back to power and then making the task of government impossible. As Mr Foot acknowledged, the test will be whether the unions and the party can agree on what they want to do before the election campaign begins.

Even if that agreement is reached, there will still be reservations. Mr Foot has done well in restoring a measure of party unity, while others doubted his ability to do so. Yet, the party meeting in Blackpool looks suspiciously as if it is preparing to fight the battles of the past by the old means, rather than facing the future. The promise on steel production is a perfect example of the failure to recognise that the world has changed.

The return of Mr Palme in Sweden does not mean that socialism has triumphed, but only that the conservative and centre parties did not succeed in adjusting the expectations of the electorate to Sweden's straitened economic circumstances. The economic problems are still there, and so are they in Britain.

The pricing of natural gas

AN AGREEMENT between Italy and Algeria on the financial terms for the supply of natural gas through the Transmed pipeline has at last been reached—over a year after completion of the pipeline. The fact that the $1.3bn facility has been unused for such a long period reflects the profound differences between producers and consumers over the pricing of a fuel which must play an increasing role in meeting demand for energy, particularly in Western Europe. The delay in deliveries is also witness to Algeria's dogged determination to extract the highest possible price from a wasting asset and one as close as possible, in terms of thermal equivalent, to oil.

The starting price of $4.41 per million British thermal units or 1,000 cu ft, is above the market rate as measured by the generally accepted criterion—the relative cost of fuel or heating oil. ENI, the customer and state oil corporation, accepted that the deal originally struck in 1977 needed to be revised but earlier this year was prepared to contemplate no more than $3.90. As expected, a deal was only made possible by the Italian Government's willingness to provide a subsidy. In making up the difference between the market rate and the actual price, which is to be indexed to a "basket" of crude oil price, it has followed the example of France.

Agreement

As with the Italians, the French agreement was reached with the greatest difficulty and only after a long price dispute between Gaz de France and Algeria.

The price was originally set at $5.12 but had dropped to $4.77 in the present quarter because of the fall in the prices of the crude oils on which the indexation mechanism was based. That, in itself, involved a considerable compromise on the part of Algeria which had held out for full parity with its premium crude oil. After taking into account the extra capital investment involved in liquefied natural gas transportation and facilities at the importing end, the terms of the agreement are comparable to the Italian one, although the Italians may have got a slightly better deal.

France and Italy have, in effect, paid a political price to ensure supplies of gas on which they were relying to meet their forecast energy demand and to achieve a desired balance among different fuels. Their requirement is over and above the deliveries expected from the Soviet Union which will not be available until the middle of the decade. Quite apart from the long lead times involved, the North Sea has offered little alternative. The UK is not self-sufficient and expects to have to find new sources from the mid-1980s. The Netherlands is phasing out its exports. Norway, with its considerable potential, is not only reluctant to open up its reserves on a big scale but is demanding premium prices for secure supplies as a balance to those from the Soviet Union and Algeria.

Opposition

Diversification of sources of supply is sound policy, and especially so in view of the U.S. Administration's rooted opposition to the Soviet project and its attempted embargo on the provision of American technology for it. The actual price to be paid for the Russian gas is shrouded in mystery but it may not be much below the rate France and Italy are to pay Algeria or what Norway will obtain in future.

The quid pro quo is the Algerian commitment to place large contracts with French and Italian companies. It is a form of barter deal which Algeria's other trading partners can only deplore and which represents yet another distortion in the world trading system.

The pricing of natural gas is complicated by the high cost of processing and transportation and by the need for long-term contractual arrangements between producers and customer: a totally free world market in gas is simply not feasible. At a time when consuming countries are eager to diversify their source of supply, the producers have substantial bargaining power on their side. But the political price which Italy and France have paid sets an unfortunate precedent.

BRITAIN'S ENGINEERING INDUSTRY

The signs are that 1983 will be just as tough

By Peter Bruce, Ian Rodger and Arthur Smith

BRITAIN'S battered engineering industry has returned to work after the summer holiday to find no sign of the forecast—and much needed—upturn in demand.

An informal FT survey of about 40 companies has confirmed that order books are much weaker than predicted six months ago and that competition, both at home and abroad, is fearsome as the recession deepens in the U.S. and Europe.

"I see 1983 being just as tough as 1982," says Mr Bill Dalton, managing director of Terex, the Motherwell-based construction equipment manufacturer.

"We are operating on the assumption that there will be no upturn next year," says Mr Jim Felker, managing director of Perkins Engines.

"We had a false spring," Mr John Allenby, managing director of fork-lift truck maker Lansing Bagnall, says bitterly. "If things don't improve, we shall have to reduce capacity further."

The engineering industry's main struggle in the past two years has been to hang on to capacity while cutting operating costs sufficiently to survive the recession. Lansing, for example, can now break even on an order book 60 per cent lower than in 1979.

But as the prospect of an upturn recedes into the future, many companies are wondering whether much of their excess capacity will ever be needed. They know that trading margins would improve significantly if more capacity were cut.

The most disturbing reports have come from a few large companies closely tied to the motor industry. In the past 10 days, Guest, Keen and Nettlefolds, Dunlop and Vickers have issued warnings of lower profits in the second half as a result of a new deterioration in demand and prices for many of their products. Further short-time working, redundancies and closures can be expected from companies tied to this sector.

However, in other sectors of engineering, the situation, while very depressed, appears more stable. And there is still the occasional engineering business, such as power plant, which is strong, and some specialised companies that are performing exceptionally well.

On the whole, executives in the engineering industry remain stoical but they have been surprised and disappointed that the expected upturn has not come. Many were convinced by rising order books in the spring that the recovery was at hand and would gain in strength this autumn following the usual summer dip.

"We expected a big pick up in the second half but it has not come, so we have had to wind the wick down again," one industrial equipment manufacturer said.

Some executives now discount the idea that there was any real upturn last Spring. "I think it was just a little restocking because everyone was expecting a recovery, but there was absolutely nothing behind it," says Mr Allenby of Lansing.

Except in the motor industry, there is little evidence of a further weakening of demand in the UK market. The new pressure on manufacturers appears to derive from the deepening recession throughout the world, which has resulted in more and more vigorous competition worldwide for less business.

Decline in the leading western industrialised countries has come at the same time as Opec countries in Africa and the Middle East are suffering from reduced purchasing power due to falling oil prices. Also, many major mining projects in Australia and Canada have been deferred, while developing countries have been forced by financial weakness to cut back their imports.

Mr David Steel, managing director of Coles Cranes, says that the company is encountering up to 20 competitors these days bidding for overseas contracts compared with five or 10 a year ago. The new entrants are mainly Italian and U.S. companies that have hitherto not been active in international markets.

Lancer Boss, the specialised fork lift truck manufacturer, reported the same phenomenon. "We are seeing a lot more competitors in Africa and the Middle East," says Mr Neville Bowman-Shaw, the chairman.

Machine tool companies have been particularly hard hit by a slump in the U.S. market early this year. Fear about the course of the U.S. economy is a constant theme.

Alfred Herbert, recovered from the liquidators in 1980, was budgeting for major growth in U.S. sales last year but in July it had to put two-thirds of its 900 workforce on short time so that stocks could be reduced.

The decline in the U.S. has also meant more competition in the UK. "We are holding on to our market share but it's bloody hard work," according to Mr Ron Lynch, the chairman.

John Brown, which has seen employment in its machine tool division contract from 2,500 to 1,050 in the past two years, is still having a very difficult time because the anticipated U.S. recovery in the second half is not occurring.

DeVlieg Machine's orders for its big machining centres have dropped from 10 per month to three per month in the past year. Most of the machine tools it makes are shipped to the U.S. "We have a good level of inquiries but people are just not investing," say Mr Eric Fisher, managing director.

Companies locked into the motor industry are particularly pessimistic about the next 12 months. At Rubery Owen, once Britain's biggest privately owned engineering company, turnover in the financial year to September 30 will be around £85m, compared with £120m two years ago. In the same period the workforce has been more than halved to some 2,500.

Mr John Owen, the managing director, says component customers have resumed destocking in recent weeks and orders from the automotive sector are about 15 per cent down.

Mr Tim Solso, managing director of Holset Engineering of Huddersfield, which makes turbo-chargers for truck diesel engines, says orders have fallen 20 per cent since June.

A Lucas spokesman said: "I don't think competition in any marketplace has ever been so intense." In June Chloride, whose interim results are also pending, warned that there was evidence that manufacturing capacity among their competitors was being reduced around the world.

While August car sales beat all records and truck sales recovered slightly, manufacturers are quick to warn that the outlook for autumn and winter sales is bleak. Industry experts also predict that Britain is unlikely to share in an expected 12 per cent increase in Western European car production between 1981 and 1984. Car assembly may rise in the UK, but it will be based increasingly on imported components.

There are a few engineering sectors and companies that continue to do well. Some companies with specialised products, such as Howden Group and Hopkinsons Holdings, have maintained strong balance sheets and respectable profits throughout the recession, and have had few, if any redundancies.

"We are in a fortunate position compared to others," a Howden director acknowledges.

Spirax Sarco, a world leader in fluid control equipment, has also breezed through the recession so far. But these three companies put together employ only 9,000 people, and can in no way offset the massive job reductions that have occurred in other sectors of the engineering industry.

Companies who specialise in stand-by electric generator sets have also been enjoying strong trading conditions, especially in African and Middle East markets. Dale Electric says it is "well above" breakeven, with an "extremely bouyant" order book. Petbow returned to profit this year after two years in loss.

In a class by itself is BTR, the large diversified engineering group that has managed to keep profits growing while cutting costs vigorously. The UK workforce has dropped from 18,500 to 10,500 since 1980, but the company has just reported a 13 per cent increase in interim pre-tax profits to £10.7m.

Despite the depth and len[gth] of the current recession, th[ere] have been surprisingly [few] major corporate failures [to] date. And the message f[rom] the companies surveyed in [the] past few days by the FT is [that] they will soldier on gam[ely] operating well below capa[city] in the vague hope that [an] upturn will soon come.

Mr Alan Carter, chairman [of] Hi-ton, a specialised motor c[om]ponent manufacturer, belie[ves] that most companies in [his] sector have about 30 per [cent] excess capacity. This le[ads] some to compete recklessly [for] orders, ruining margins for [all].

"Too many companies [are] just hanging around hoping [for] an improvement. It sou[nds] cruel, but it would be be[tter] for everyone if they just w[ent] out of business."

Hi-ton has made its small contribution to ration[ali]sation by acquiring Spe[...] Gears earlier this year.

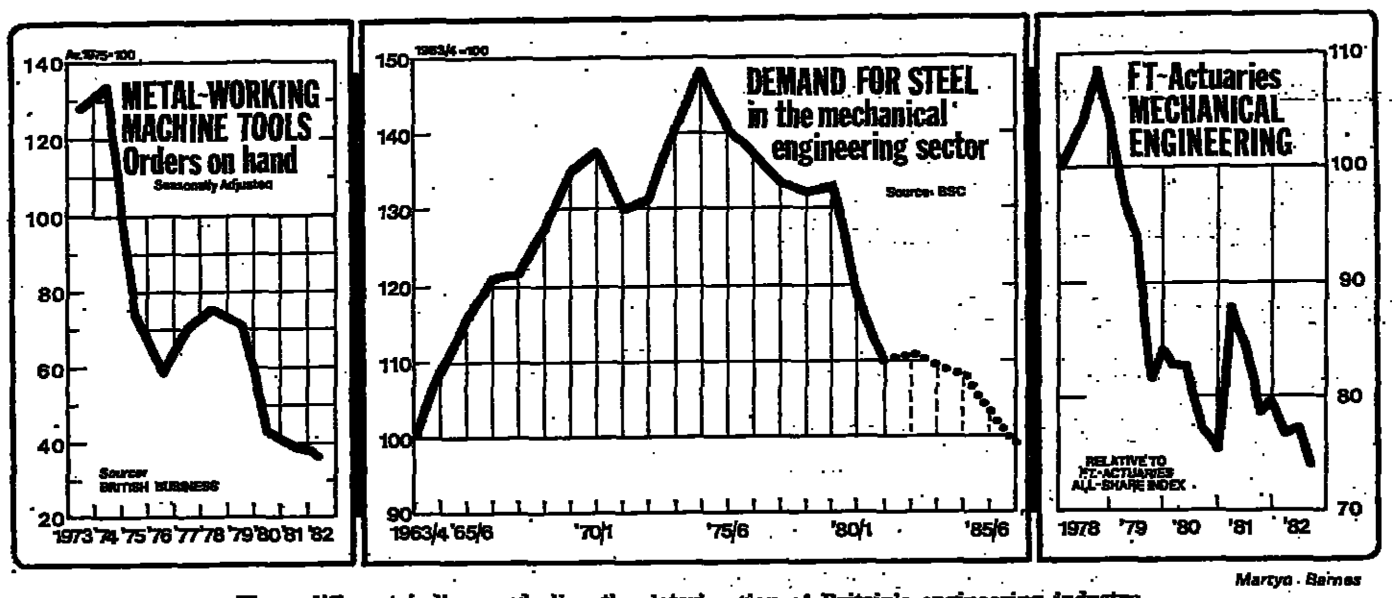
"I did not have the or[ders] to keep my Birmingham fac[tory] busy, so I went and bough[t a] £1m order book, new produ[cts,] new technology and machines.

Mr Steel of Coles Cranes [says] that his business had certa[inly] been helped by the remova[l of] two of his four UK competi[tors] in the past two years.

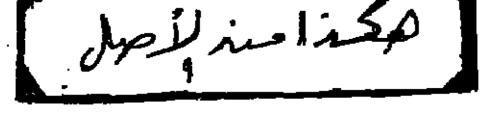
It is too early to predict how much more contraction [will] occur during this reces[sion.] There are several impor[tant] areas where capacity far [ex]ceeds foreseeable demand [and] some which appear condem[ned] to long term decline. Cars, st[eel,] shipbuilding—there is no p[ros]pect that these sectors, imp[or]tant customers for the engin[eer]ing industry, will recover [to] their former size.

But in an increasingly c[om]petitive international envi[ron]ment, there is undoubtedly [still] a place for a robust, if sma[ller] and more specialised Bri[tish] engineering industry. The s[ur]vivors will be those compa[nies] which, by technical ingenu[ity] and marketing skill, can k[eep] one step ahead of the comp[eti]tion; in times as difficult as [the] present, there is little room [for] error.

One of a forest of 'for sale' signs at Trafford Park, Manchester.
Mike An[...]



Martyn Baines
Three different indices underline the deterioration of Britain's engineering industry



Men & Matters

Cliché killer

We old Fleet Street hands, who reminisce about sending vivid despatches back by homing pigeons, sometimes by runners with cleft sticks, cast a beady eye on new technological marvels of communication based on the micro-chip.

David Kline being a young and active free-lance, has been proving us wrong. On assignment for some American papers he recently made his fourth trip to Afghanistan to report from among the guerrillas. This last time he took with him a portable microcomputer weighing 24 pounds and looking like a small suitcase. He hooked it to the nearest telephone and filed back thousands of words—soundly beating the journalist opposition.

Kline talked his box of tricks past hawk-eyed Afghan customs men by telling them it was "A Hollywood typewriter." Which, is, I suppose, an apt description for this new tool of the trade.

The maker, Osborne Computer Corporation, believes it has found "a truck-sized gap" in the world market for small computers by taking established technology—"nothing clever" says Mike Healy, managing director of the British end—and making it truly portable. It is also capable of running off primitive electricity supplies or its own batteries.

The company was started only a year ago by Dr Adam Osborne, an English-born former journalist now living in the U.S. and is forecasting that world sales of its portable machine will top $100m this year.

But journalists who tried the microcomputer in London yesterday were—simple souls that they are—shaken by its complexity over the traditional pad and pencil. Neither was confidence bolstered by a dialogue between two demonstrators. "We are over-writing because I have cut you out on the automatic line feed." one confided to the other.

One associated development does, however, provide a glimmer of hope for readers.

Julian Allason, founder of Microcomputer Printout, is writing a special computer programme for journalists called the Cliché Cruncher. It will electronically reject the more diabolical phrases which we have forced upon you down the years, dear reader.

Salad dressing

"Venture capital" has a nice ring to it, conjuring up images of gentlemen in full-bottomed wigs steering determinedly for the Northwest Passage. The phrase still rings true in many business areas. Cable television was driven forward in the U.S. by consortia of local investors who sought—and usually obtained—a decent return on their capital, just like any Stuart merchant adventurer.

The scale of such operations seems to be fast expanding now, however. Plant Resources Venture Fund, in London this week, is aiming at investments of $500,000 to $2m for its backing of scientific plant breeding companies.

Opportunities under consideration include a company involved in genetically improving lettuce and tomatoes, and another working on jojoba, a source of specialty oil derivatives.

At this scale of investment, the local dentist and garage owner can count themselves out. Plant Resources finds its partners in the ranks of the major institutional investors, the pension funds and their ilk. Although its business is almost entirely in the U.S., it is now finding that the UK institutions are interested.

The policy is for the Fund to invest over a four- or five-year time span, paying very little current return but expecting a big capital gain when the company goes public or attracts a take-over bid. On this basis, an eventual return of 25 per cent annually suggests the kind of calculation to delight the heart of a mathematics master—or an investor.

On the other hand, you could end up with a lot of cheap lettuce.

In care

The sight of the chairmen of Staveley Industries, Baker Perkins, Rubery Owen, BSG International, Norcros and the leaders of another dozen hard-core UK engineering companies scurrying into the London headquarters of Barclays Bank yesterday morning was enough to send the shivers down the spine of even the most accident-prone clearing banker.

Why were Dr Frankel, Sir Franklin Braithwaite, David Owen, and Ken Roberts, plus many more captains of industry, closeted for more than three hours inside Barclays yesterday?

Had they decided to call it a day and applied for membership of Barclays' infamous "intensive care" unit? Was Britain's biggest clearing bank organising a rescue of the hard-pressed British engineering industry, single-handed? As the morning wore on the possibilities multiplied in fertile minds.

I am glad to say that nothing could be further from the truth. All 17 of them were attending the bi-monthly meeting of the Engineering Employers' Federation commercial and economic committee, which was for the first time being held in the offices of a clearing bank.

"Oh, Mr Benn—Mr Foot asked me to remind you to sign the register"

Pump priming

If you are in the habit of using screwdrivers as chisels, telephone directories as door stops, and the garden shears for trimming the poodle, then Universal Electric has just the competition for you.

It has grown weary of dissuading customers from misusing its automatic pumps for such outlandish tasks as spraying Mung beans, or decanting wine. The intended use is said to be for pumping water out of low-lying areas like cellars and basements. Well, who would ever have thought of that?

So, Universal is offering the Wet Foot Award—a foot cast in bronze—to the presenter of the most unusual idea for its pumps' use. In a thoughtful gesture the winner will also get £100 to buy a new pump in case his ingenuity wrecks the original one.

Reminds me of an old engineer's advice: "If all else fails read the instructions."

Racy Story

London stockbrokers like to give a display of erudition in their circulars which is denied them by the crushing nature of their daily toil.

But Seymour, Pierce and Co have set the market's academic reputation back years by their careless quoting of St Augustine of Hippo — "Lord, make me chased—but not yet."

Observer

THE SOVIET UNION

An uneasy autumn for Brezhnev

By Anthony Robinson in Moscow

AN UNDEFINABLE but unmistakable sense of unease pervades the Soviet capital as the Brezhnev era draws to its close amid signs of economic stagnation and political frustration at home and a sense of isolation and friendlessness abroad.

On its Western borders the Polish military regime has virtually usurped the role of the Communist Party but is apparently incapable of shaking the Poles' desire for an end to Soviet-style government.

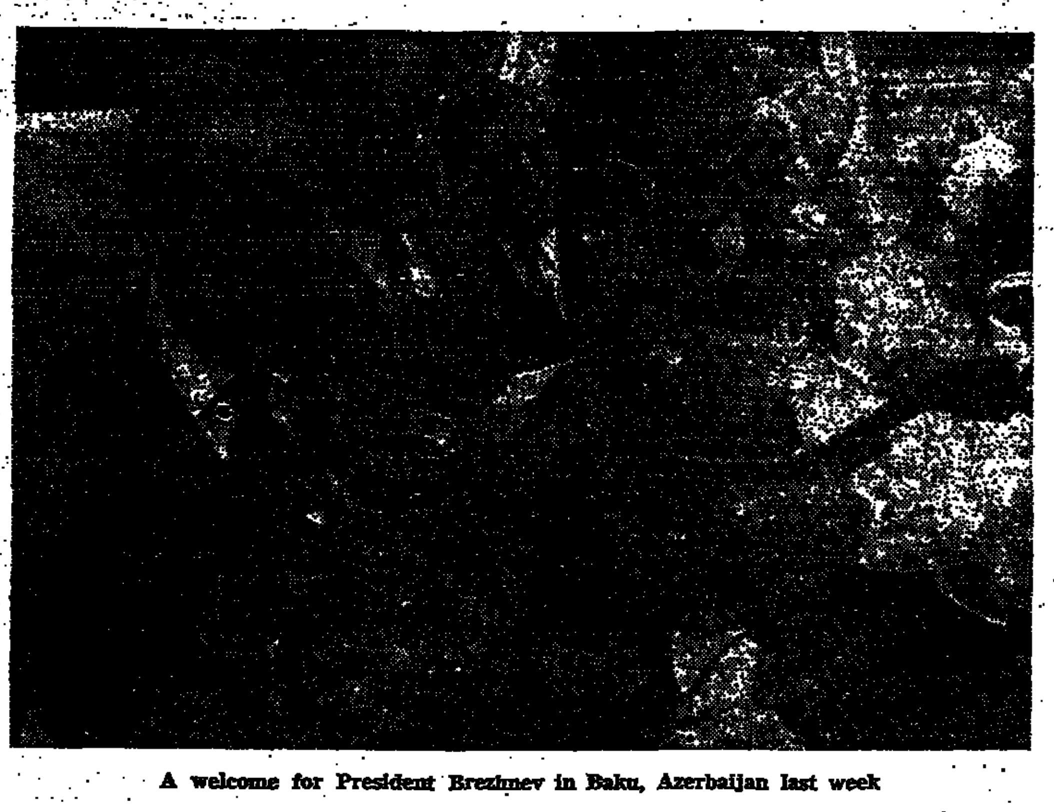
Further west, the France of President Mitterrand is far less amenable to Soviet blandishments than its predecessor. And the latest political upheaval in West Germany raises major new worries about the future political complexion of a country which, during more than a decade of Ostpolitik, has been the most willing to try to understand Soviet hopes and fears in Europe.

Across the Atlantic President Reagan takes anti-Communist rhetoric almost as far as the anti-capitalist abuse which Moscow has felt free to broadcast ever since the revolution. Just when years of sacrifice seemed set to produce strategic parity and military security, the West has woken up to what Moscow claims is a "purely mythical" Soviet military threat and is busy modernising its arms and taking a tough stand in disarmament talks.

Soviet influence in the Middle East has also dwindled sharply in recent months. It has stood by impotent while the PLO left Beirut protected by U.S. as well as Italian and French troops. It has been unable to help its treaty ally Syria, has seen the latest Soviet arms in Syrian hands smashed by the latest U.S. arms wielded by Israel and has also been unable to influence the war between Iran and Iraq just beyond its sensitive southern border.

In Asia, too, Soviet troops are still bogged down in a bloody guerrilla war in Afghanistan and stretched out half a million strong along the long border with China. The Soviet Union also looks with suspicion at what it claims is awakening U.S.-inspired militarism in Japan.

True relations with India have just been reinforced during a week-long official visit by Prime Minister Indira Gandhi, but even here the emphasis was on economic and trade co-operation. Mrs Gandhi was critical of Soviet policies in South-West Asia and made clear she intended to maintain good relations with both super-powers.



A welcome for President Brezhnev in Baku, Azerbaijan last week

Against this background, it is little wonder that Mr Brezhnev went to Baku last weekend to offer another verbal olive branch to China and that Foreign Minister Andrei Gromyko met Mr George Shultz yesterday to assess the chances of improving relations with the U.S.

Virtually the only bright spot in an otherwise gloomy international picture has been President Reagan's success in infuriating his European and Japanese allies over the Siberian pipeline sanctions.

Just as the recession, the growing Western peace movement and dissension over the Siberian pipeline at last raised hopes for exploiting differences within the Western alliance, the Soviet authorities, for mainly internal security reasons, managed to infuriate Western diplomatic and business circles by disconnecting the trunk-dialling telephone system set up for the Moscow Olympics and reducing the number of telephone lines to the West by two-thirds.

Diplomats here believe that the modern automatic communications equipment will now be installed in one of the three new bureaucratic complexes currently under construction in the Soviet capital. In a way these three new buildings — a new headquarters for the Ministry of Internal Affairs — which *inter alia* runs the police and militia forces, and separate extensions to both the KGB headquarters and military chiefs of staff building — symbolise the priorities of the regime.

Built simultaneously by round-the-clock squads of special military construction teams, their swift progress contrasts sharply with the slowdown in the economy as a whole, deteriorating food supplies and a widespread awareness of the need for economic and other reforms.

The much-vaunted "food programme" announced by President Brezhnev at last May's special plenum reflected the need to be seen to do something about a lack of meat and other food which is a daily reminder of hardship to ordinary Soviet citizens excluded from the privileged circle of hard currency or party stores.

Industrial growth has slowed down to an increase of only 2.7 per cent in the first eight months of this year over the same period last year. This makes it almost certain that the 4.7 per cent growth target for this year cannot be met.

Growth has fallen below the estimated 4-5 per cent annual rise in Soviet defence spending, implying that the real burden of the military on the economy is growing.

Despite a steady increase in monetary incomes, meanwhile the real standard of living of Soviet citizens has been at best stationary and probably declining in recent years. Housing is one area where overall standards have risen. Over 2m units of standard high rise apartment blocks are constructed annually. A recent article in Pravada, however, hinted that the long decades of low fixed rents may be coming to an end.

For over 50 years cheap public housing, transport and bread have been basic ingredients of Soviet-style Communism. These, plus a job of some kind have been the fundamental minima guaranteed to Soviet citizens in return for a lifetime of service dedicated to the building of Communism. Any change here would show that the authorities were serious about introducing a more rational price structure which reflected costs and scarcities. But it would also signify an end to the Soviet social contract as understood by three generations.

The ability of the system to provide slowly-rising, even though extremely low, living standards to a generation terrorised by Stalin has been a stabilising factor since the war. By no stretch of the imagination, however, could it be said that the Soviet system has satisfied the aspirations of the new generation of urbanised and better-educated Soviet citizens.

Despite the enormous social, economic and political pressures to conform, there is an inescapable sense of frustration, lack of incentive and cynicism among the young, and bitterness in the generation above. This is recognised officially if obliquely by the rising official campaign against corrupting Western dress, music and *mores*, the upsurge in religious curiosity and church attendance and the attempt to rally support for the regime by unashamedly nationalistic and patriotic appeals.

The constant propaganda barrage, coupled with suppression of any kind of organised dissidence or alternative voices, ensures that dissatisfaction is deprived of focus and effectiveness. But Soviet psychiatrists fear that a high price is being paid for this suppression which has made schizophrenia a kind of national illness.

The sharp increase in alcoholism, especially among women and young people, is a major symptom of the strain under which so many Russians live. The high rate of divorce is another.

After 18 years' continuous exercise of power there must be considerable scepticism about the capacity of the present leaders to formulate far-ranging policy changes. Inertia has long seemed to be the principal force at work in the Kremlin. The problem is that change in the rigidly hierarchical, intensely bureaucratic Soviet system can only come from the top. That is why there is said intense interest in the outcome of the jockeying for position taking place behind the Kremlin curtains. The uncertainty which this generates radiates beyond Moscow.

Social Affairs

The welfare state and Mrs Thatcher

By Ian Hargreaves

SUDDENLY, THE crisis in the welfare state, which social scientists and economists have been earnestly debating for years has hit the headlines in Britain.

"Welfare state on trial," said the front page of last Thursday's Daily Express, above a story which reported the latest version of a favourite speech of Mr Leon Brittan, the Chief Secretary to the Treasury.

In this speech, Mr Brittan warns as he has before, that with public spending still rising as a proportion of gross domestic product (up from 41 to 45 per cent during the Thatcher Government), radical measures may be needed to release resources to the private sector for economic growth.

The reason his words attracted more attention on this occasion was, of course, that they followed news of a secret "think tank" report to the Cabinet, outlining some options for such radical changes, among them the substitution of private health insurance for much of the National Health Service and the replacement of student grants with a mixture of fees and scholarships.

Mr Brittan, whose main job is to frighten spending Ministers at this time of year, has not himself attempted to construct a full-scale Thatcherite model of the new welfare state, and since the "think tank" is unwilling to think aloud on the subject, it is difficult to assess the proposed new order.

But certain points of context can be made. For a start, Mr Brittan's figures about public spending, although accurate, are misleading to the extent that they reflect primarily the costs of rising unemployment benefits and the consequences of a static or falling GDP. Likewise, it is wrong to suggest, even by implication, that Britain is in some way a profligate welfare spender. According to EEC figures for 1978, which excluded Ireland, Britain was bottom of this particular league, disbursing 20.1 per cent of GDP on social cover, compared with the highest, the Netherlands, at 29.9 per cent.

It is also the case that, historically, no obvious connection can be shown to exist between poor economic performance and either the level of welfare spending or, to take an important related component of policy, the degree to which governments have redistributed income. In the 1960s and 1970s Japan combined high growth with low government social spending, but Germany, Norway and Canada—all high spenders—performed well. A notorious low spender, the U.S., performed badly, as, of course, did the UK.

It is arguable, though certainly not conclusively, that economic progress in the liveliest European economies was underpinned by the high degree of social consensus that the high spenders' social policies purchased. Prof Harold Wilensky, of the University of California, at Berkeley, has gone further and suggested that only those countries with strong mechanisms for social consensus will adapt smoothly in the 1980s to the new economic, demographic and social pressures on the welfare state.

It is wrong to suggest even by implication that Britain is in some way a profligate welfare spender

But there is also a risk that a natural conservatism, indeed a defensiveness about welfare systems which Prof Wilensky's own research has shown to be common to all countries—everyone thinks his own system is best—will blind us to the possibility of radical change.

One big problem for Thatcherism in the still relatively virgin area of social policy is that there is precious little evidence that its more obvious and seductive ideas would save money. By extending freedom of choice in education, for example, through a voucher system, costs would very likely rise, rather than fall, as parents demanded better standards. Even in health, where there are some temptingly large figures, it is too simple to assume that by requiring, say, two-thirds of the population to pay for health care through private insurance, coverage for the remaining third would cost one-third the level of today's NHS budget.

Indeed, one reason that Britain spends so little of its GDP on health—5.6 per cent, compared with between 9 and 10 per cent in the U.S., Germany and Sweden—is that the private sector and the insurance companies in those countries have not been notably good at restraining costs.

Also, if the Government wants a two-tier system, which is essentially an attempt to cut social spending by targeting it at the most needy, it ought to ask itself why the same criteria should not apply to old age pensions or family allowances. Indeed, by such criteria this would be a more desirable option than to remove inflation proofing for pensions, which is another idea floating in the "think tank."

These questions, and many more like them, need answering, not because the impulses of Thatcherism in the social field are necessarily wrong. The desire for more choice, for more responsiveness to consumers and for less power to be in the hands of those who provide and administer services is strong and growing in every corner of the welfare state, from housing to social services. This is the bridge Mrs Thatcher will need to use, if she is to persuade people to follow her to a different kind of welfare system.

For the moment there is little sign of this happening. There is still a great deal of pretence that policies being pursued purely to save money in the short term are in reality something more. And much of Mrs Thatcher's social policies have involved little more than attacks on easy targets, such as social security frauds.

Another case in point is the ruling that from Friday most foreigners will have to pay for NHS treatment, a move with obvious popular appeal, but one implemented with no real research into costs and benefits and likely in practice to be as effective as the honesty box at an unmanned ancient monument.

Speeches about long-term funding problems and fragmentary actions like these hardly add up to an alternative approach to social policy.

Letters to the Editor

World farm production needs fewer regulations

From the Chief, Policy Analysis, UN World Food Council

Sir,—I am glad that Mr Cherrington, your agricultural correspondent, seems now to accept the need for some sort of international understanding in the field of grains. His note, however, on "Production control or disaster" (September 17), remains shortsighted.

The decline in international grain prices—and therefore in the prices received by farmers in those countries that care to absorb their share of international instability—has not been due over the past year to massive over-production. In fact, world cereal production now estimated at around 1.5bn tons for 1982, is somewhat below trend. Prices measured in U.S. dollars are lower for much the same reasons as prices for most commodities are lower: slack demand, uncertainty, payments problems, and U.S. dollar revaluation. Contrary to global trade patterns, however, the volume of grain trade continues expanding due mainly to increased imports by developing countries, now forecast to grow some 7 per cent over last season.

To deal with "over-production" and avert "disaster," Mr Cherrington advocates co-ordinated production cuts, which can only imply a cartel-like arrangement among the major grain-exporting countries. Such a development would be most unwelcome. It would further disrupt the world's food system—as did the production cuts of 1968-71—and, as happened between 1972-75, it is likely to provoke new and serious food shortages with a myriad of politically and economically destabilising effects.

Not more but less controls and regulations is what world farm production needs. Some countries heavily subsidise farm production and exports, a policy that has contributed to the slowing down of their own overall growth rates, generated frictions among trading nations at a time when the multilateral system can hardly afford it, and driven Mr Cherrington to advocate production controls for others.

It would be much more profitable for all concerned to reduce farm production subsidies, eliminate export subsidies, especially when world prices are low, progressively liberalise trade, and constitute small internationally co-ordinated buffer reserves to cope only with the kind of variations in world output that can be expected from the weather.

Arturo Goetz.
Via delle Terme di Caracalla, 00100 Rome.

For the want of a grant . . .

From Mr A Pidgeon

Sir,—I cannot fail to comment on the anomaly and, no doubt to some people, the humiliating spectacle of a British Prime Minister going all the way to Japan to encourage the Japanese to open factories in our depressed areas when her Government is denying assistance to British firms in such areas.

In 1969 our own company was not allowed to expand in Leicester and instead directed to a development area. We chose Cumbria and established a factory in Cleator Moor which over the years we built up to give employment to 170 people. In fact in September 1975 the Financial Times published a photograph of the factory before the last extension was built.

The impact of the current recession, however, forced us to postpone our plans of further expansion with the result that the Government cut off our support grant. Although the civil servants concerned were extremely sympathetic, they were constrained by a policy which makes assistance available only in cases of starting-up or expansion. The costs of operating in a district as remote as West Cumbria became so great that we were obliged to close the factory in May of this year.

Apart from the distress of making more people unemployed, the cost to the state of the additional social security benefits must be greater than the grant that would have enabled us to keep the factory running. Also this grant would probably have been less than the inducements which have to be offered to foreign firms such as the Japanese to give equivalent employment.

Looking at the industrial wilderness which has grown in West Cumbria and in other such parts of the country, I am sure that many otherwise efficient firms have found it impossible to ride out this prolonged recession in such areas without temporary support from the Government.

Alan Pidgeon,
Barn Close, Bushby, Leics.

Sudan aims for sugar self-sufficiency

From Mr E. Hill

Sir,—I read with interest Rick Wells' article (September 15) regarding the Sudan sugar industry but was surprised to notice a reference to Asalaya being "temporarily closed down for rehabilitation."

The total cane produced at Asalaya last year was approximately 100,000 tonnes which is equivalent to just 15 days crushing when the factory is operating at its full capacity. Faced with this limited cane harvest and with cane production at nearby Kenana still building up to its design peak, as indicated in Mr Wells' article, the Sudan Government quite naturally decided that it was more sensible to process the Asalaya cane at Kenana.

Although some modifications are desirable for each of the four Government-owned factories in order to improve efficiency and flexibility of operations, they have been able to crush all the cane which has been produced. The major step forward for the Sudanese to achieve their aim of sugar self-sufficiency, will be mainly dependent on increased agricultural production from the estates. The specific problems in this area have related to irrigation, shortage of agricultural equipment, spares, housing and decreasing yields of cane. In order to overcome these problems it will be vital to provide the industry with additional working capital and the injection of management and technical expertise.

There have been many investigations and reports on this subject and it is to be hoped that action will be taken shortly to implement them.

E. R. Hill,
Fletcher, Stewart,
Masson Works.
Litchurch Lane, Derby.

Buy your own Telex

From Mr M. Frowd.

Sir,—Many Telex users will confirm your report (September 20) that British Telecom is "delaying plans to liberalise the UK telecommunications market." Since early August, after an announcement that Telex machines were to be offered for sale, we have been trying, along with other people in this neighbourhood, to buy the machine we presently have on rental. After repeated telephone calls, we were finally told that no decision would be taken on their sale until the New Year. Meanwhile, users are paying rent at the rate of £1,100 a year (including £300 for the line). Over seven years we have paid nearly £7,000 in rental charges and still the machine is not ours. My view, which I have put to my MP, is that BT should sell us the machine for £1.

Michael Frowd,
36 Whitefriars Street, EC4.

Management courses for trade unionists

From Mr T. Rathbone MP.

Sir,—Your excellent article on the London Business School (September 27) does, I believe, contain one slip of the pen. You said that the one market segment which no British business school has yet cracked is "the boardroom." As far as I know, neither LBS nor any other British business school has successfully established a course for trades union leaders and potential leaders, and I wonder why not?

The late Keith Showering was investigating this but before his death had made little advance, as far as I know. One of the first tasks for the new "Centre for Business Strategy" could be to investigate what such courses exist elsewhere, particularly in the U.S. and Japan perhaps, and then prepare a plan for implementation here in Britain. Then we might avoid some of the greater nonsenses which were voiced in Brighton earlier this month, and some of the troubles which British industry and commerce faces throughout the rest of the year from trades union disruption based on too great an ignorance of the true facts of business life.

Tim Rathbone,
House of Commons, SW1.

Football fans and hooligans

From Mr J. Frame

Sir,—It is truly amazing how English football fans who are involved in brawls and riots overseas become British soccer fans (see page 1, September 23).

Scottish soccer fans involved in similar incidents would not and have not in the past suddenly become British in English newspapers. Whenever Scottish fans are involved in any incidents, the world and particularly the English, are told long and weary that they are Scottish fans.

I doubt if there were any Scottish, Welsh or Ulster football fans at the Denmark-England match when the English fans added to their unsavoury reputation.

When Glasgow Celtic became the first British club to win the European Cup it was hailed as a great event in British soccer. When Manchester United took the trophy we were told endlessly that it was a triumph for English soccer.

J. Frame.
16 Links View, Musselburgh, Midlothian.

Cereals refund pushes Tomatin back into profit

INCLUDING AN EEC cereals refund this time of £1.25m Tomatin Distillers moved back into the black for the first half of 1982, returning pre-tax profits of £109,000.

For the corresponding period *last year the group plunged* £1.12m into the red, finishing the full 12 months with a deficit of £2.37m. In December 1981 the group received EEC cereal refunds, part of which they said would be repaid to customers. However, the amount of payment and method of settlement had not been decided and therefore no credit was taken in the 1981 profit and loss account.

In April Mr A. P. de Boer, the chairman, revealed in his annual statement that the current year should show a considerable improvement over 1981.

He added that it was unlikely there *would be any significant* upturn in sales of new whisky this year although there could be some signs of revival in the second half.

There was a loss per 25p share of 16.96p (17.45p on the old *capital) for the first half of this* year, excluding cereal refunds, and the interim dividend is again being passed—last year the final was also omitted.

Turnover for the six months fell by £1.38m to £3.85m. There was no tax charge (same).

In an interim statement the directors say they are not expecting any improvement in the second half of the year and that the trading loss for the period is likely to be approximately the same as that for the first six months—£1.15m.

They add that it is too early to forecast prospects for 1983.

It is pointed out that the recession in those countries representing significant markets for scotch whisky is continuing as a result, de-stocking is still taking place.

Exports for the first six months of 1982 were 2 per cent down on the same period of 1980. The directors say this has led to a further decline both in overall malt whisky production and at *the group's distillery.*

See Lex

HIGHLIGHTS

Lex previews this morning's tender offer for the new 1988 gilt-edged stock before passing on to a discussion of events in Germany, with particular reference to the financial problems put forward by the centre-right coalition which looks ready to replace the Schmidt government. Lex then moves on to consider the latest position in the Scotch Whisky industry which is awash with gloom as highlighted by yesterday's statement from Tomatin.

Hyman back in black midway

THE LOSSES suffered by L and J. Hyman in the second half of last year have been arrested in the first half of 1982, with this plastic foam converter and manufacturer reaping the *benefit of first income from tech*nological developments and returning to the black, albeit with a pre-tax result £141,000 lower than that for the corresponding 1981 period.

Turnover for the six months to June 30 1982 showed a £1.48m increase at £11.28m but, with *margins remaining slim, and both* interest and depreciation climbing, profits fell from £159,000 to £18,000.

With regard to the full year outcome the directors reiterate their statement of last year's AGM that results are expected to be reasonably acceptable, dependent upon demand for the company's traditional products in the final four months and the level of contribution from diversified operations and the sale of technology.

When this result is known, consideration will be given as to *dividend, for the interim pay*ment has again been omitted. Last year, when losses amounted to £351,000, a final of 0.1p was left to stand against the previous year's total of 0.8272p net.

	First half 1982 £000	1981 £000
Turnover	11,280	9,803
Depreciation	396	319
Interest	383	274
Share of assoc.	10	9
Pre-tax profits	19	159
Tax	5	103
Minority losses	26	36
Extraordinary debit	nil	50
Attributable	39	43
Earnings per share	0.18p	*0.44p

* Pre-extraordinary items.

Hoskins & Horton little changed

AFTER A much-improved first quarter, trading profits of Hoskins & Horton, building supplier, builder and contractor and manufacturer of hospital equipment, fell back in the second quarter to end the half year to June 30 1982 virtually unchanged at £329,000, compared with £328,000 for the same period last year.

From these figures interest charges took £58,000, compared with £76,000, leaving profits at the pre-tax level just £19,000 higher at £271,000.

Tax paid, however, accounted for £54,000 (£24,000 credit) and extraordinary debits rose from £9,000 to £15,000.

Stated earnings per 20p share dropped by 1.9p to 8.1p but the net interim dividend is being held at 2p—a final of 3p was paid for the 1981 year from taxable profits of £451,000.

Turnover for the half year improved from £4.95m to £5.59m.

In their interim statement the directors say the present state of unrest in the National Health Service makes forecasting more than usually difficult. However, they expect a continuation of profitable trading in the second half of the year.

The directors reveal that profits of the hospital equipment and light engineering division were a little higher than in 1981 due to a strong performance from the Hoskins cabinet works and a much better result from C. S. M. Plating, now profitable after making losses in the first half of 1981.

The Horton companies recovered well from a poor start to the year but profits at the halfway stage were a little down on 1981.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Watmoughs	int.	1.7	Nov 8	1.7	—	5.45
Arncliffe	int.	1.12	—	1.12	—	2.66
Wm. Boulton		0.1	Nov 25	0.1	0.1	0.1
Boustead	int.	0.5	Jan 3	0.5	—	1.25
Emess Lighting		4.5	—	4	7.5	6.75
Hoskins & Horton	int.	2	—	2	—	5
Hurst (Charles)	int.	1.33	—	1.33	—	2.98
L & J. Hyman	int.	Nil	—	Nil	—	0.1
IDC Group	int.	1.46	Nov 6	1.33	—	5.57
G. W. Sparrow	int.	0.25	Dec 7	0.5	—	0.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

Change on Milford board

A GROUP of former rebel shareholders in Milford Docks Company have consolidated their position with the election of a second director to the board.

Mr Laurence Hill was elected to the board on a show of hands at yesterday's annual meeting following the defeat of a resolution to re-elect Mr David Jennings, a retiring director.

Mr Hill is the second representative of a group of shareholders headed by Mr Richard Eldridge to join the board. Mr Eldridge was invited to join the board in 1980 following earlier unsuccessful attempts to gain a seat.

Mr Hill is chairman of Mercanoil, the recently renamed N A Investments group controlled by Mr Eldridge. Mercantoil has built up a holding of about 25 per cent in Milford.

"We looked at our investment in Milford and said where do we go from here," said Mr Hill after the meeting. "I had a most affable meeting with Mr Charles Smith, the Milford chairman, and Mr Eldridge afterwards.

"There was total agreement on what we are going to do to give a new look to Milford Docks. We will put a number of plans forward."

Mr Smith said the company had had only 10 days to notify shareholders of the proposal to elect Mr Hill and that proxy votes for Mr Jennings "were rather thin on the ground."

"But I am quite happy to have Mr Hill on the board," he added. Milford Docks last month reported an increase in its pre-tax loss to £277,000 in 1981 from £145,000 the year before on turnover which fell to £1.44m from £1.9m.

Exceptional charge hits Bonusbond

COMPENSATION payments totalling £130,000 to the two former directors and charged as an exceptional item, turned Bonusbond Holdings round from restated pre-tax profits of £261,000 to losses of £83,000 for the first half of 1982.

Turnover, which fell from £4.72m to £3.58m, was affected by the events concerned with the departure of Mr C. J. Peake, sales director, and Mrs N. K. Reid, retail operations director, say the board. However, these functions are now being carried out by experienced management and it is believed future benefits from this reorganisation will show through in results.

Tax this time took £3,000 (£116,000), leaving the net loss at £87,000 (£145,000 profit before extraordinary debit of £35,000) and the deficit per £1 share at 3.47p (earnings 4.15p).

The company, which specialises in the issue and redemption of incentive bonds, came to the Stock Exchange in June 1981 and for that year returned taxable profits of £0.51m.

Boulton losses cut to £0.85m

THE BETTER trend at William Boulton Group continues. Following a reduction from £487,000 to £391,000 at midterm, pre-tax losses for the year to June 30 1982 have been sharply cut from £1.44m to £848,000.

With order books higher than at the same time last year, the directors are forecasting a marked improvement for this machinery manufacturer and *founder in the first three months* of the current year.

Turnover for the period under review increased from £22.48m to £25.73m and a trading profit of £442,000 was made, compared with a loss of £22,000 last time. However, at the taxable level the burden of depreciation of £349,000 (£307,000), interest £790,000 (£791,000) and exceptional costs £151,000 (£317,000) was felt.

There was a tax credit of £75,000 against a charge of £187,000, leaving the net deficit at £773,000 (£1.62m) and loss per 10p share at 1.9p (4p). On this a single dividend payment of 0.1p made as a final is being maintained at a cost of £41,000.

As regards below the line charges, extraordinary expenditure for the 12 months fell from £45,000 to £1,000 and the deduction for minorities also showed a decline, in this case from £24,000 to £19,000, leaving the *loss attributable to holders* some £900,000 lower at £793,000.

The directors report that several of the group's companies have been profitable during the period but problems have continued in a few subsidiaries. Further steps, they say, have now been taken and the position in these businesses is improving.

It is still very difficult to give an overall forecast, they add. However, most of the companies which showed a deficit for 1981-1982 are expected to return to profit during the present 12 months.

● comment

After disastrous results in 1980-1981, William Boulton has hauled itself up to make a small trading profit and a smaller pre-tax loss. But it will have a lot more work to do if it wants to break even in the next set of results. Interest charges amount to nearly £800,000, which means that trading profits will have to double to avoid a loss. On the process plant side, trading profits were up by about 20 per cent; the main problem is, as ever, in engineering. To cut costs, the group has made a further 400 people redundant (which accounts for the £151,000 exceptional costs), so with higher output per person, margins should at least stay intact. But there are no signs of an upturn in demand for engineering products, and the company cannot *borrow to pay off its losses for* ever, so prospects are not too good. On a price of 7¼p—2¾p below par—the yield is a low 2 per cent.

Emess ahead and further rise seen

TAXABLE PROFITS of Emess Lighting edged ahead from £314,552 to £336,335 for the year to June 30 1982 and with the current year beginning in a "most encouraging manner" Mr Michael Meyer, the managing director, is confident of a further improvement in profits provided there is no deterioration in the economic climate.

Turnover for the year under review rose from £2.71m to *£3.17m—the group's activities* include selling its own and imported decorative lighting fittings and equipment leasing. Tax took £58,572 (£41,220) and extraordinary items £22,222 (nil), which were the closure costs of the manufacturing facilities at Holmer Green.

Stated earnings per 25p share emerged at 20.45p (20.36p) and an increased final dividend of 4.5p (4p) lifts the net total from 6.75p to 7.5p. Net tangible assets were 5p higher at 62p.

Mr Meyer says it is significant that during this period of economic depression Emess managed to improve its profits for the 12th successive year. He adds that difficult market conditions persisted with customers keeping a cautious outlook on *stock levels and exercising* caution on forward orders.

It is pointed out that though stringent control over costs, the return on sales was 10.6 per cent compared with 11.6 per cent in the previous year. Improved productivity resulted in profit per employee rising to £3,030 from £2,808. The return on net tangible assets was 39 per cent.

The managing director comments that the Poole lighting division continued to make solid *progress with increases in both* turnover and profit. The manufacture of Holmer Green's product range has been absorbed by Poole and the benefit in overall profitability should be apparent in the current year.

Tharene was acquired at the end of January and made a net contribution to profits after interest. Mr Meyer says the acquisition of this important supplier has enabled Emess to achieve a good balance between its own manufactured and imported products.

He adds that the group is continuing to seek opportunities for expansion by acquisition.

With midyear profits marginally ahead at £163,342 (£161,964) Mr P. Viney, the chairman, anticipated a satisfactory result for the full year.

Allowing for current cost adjustments pre-tax profits for the year were reduced to £291,000 (£290,000).

Yearlings down

The interest rate for this week's issue of local authority bonds is 10¼ per cent, down a quarter of a percentage point from last week and compares *with 16¼ per cent a year ago.* The bonds are issued at par and are redeemable on October 5 1983.

A full list of issues will be published in tomorrow's edition.

SPONG

The recent rights issue by Spong Holdings of 48m shares has been subscribed in respect of 44,252,720 shares (92.2 per cent).

HunterPrint set to join USM

BY CARLA RAPOPORT

THE PRINTERS of Men Only, Penthouse, Slimming Magazine and the Habitat catalogue are joining the USM by way of a placing of about 25 per cent of its shares.

HunterPrint, a printing company based in Hertfordshire, should have a market capitalisation of about £6m when its shares start dealing next week.

With sales of about £14m, HunterPrint claims to have nearly 8 per cent of the UK colour, high volume webb-offset printing market which is currently worth about £180m.

The group claims to have more than a quarter of the high-*quality printing market*, which it estimates to be worth about £60m-£70m overall.

Mr Michael Hunter, chairman and co-founder of the group, will be reducing his holding in the company through the placing, but there will be no new shares issued prior to the USM listing. "We don't need any more money at the moment," said Mr Hunter. He said that a public listing would aid the company in the market place. "We'll get better purchasing power and our customers will have a better idea of who we are."

Gresham Trust is also a major shareholder in the company; it will sell about 0.9m shares in the placing; Mr Hunter will be selling about 1.1m shares. Following the placing, Gresham will own 33.3 per cent of HunterPrint's equity, while Mr Hunter and his family will hold 38.4 per cent.

The fine tuning of the placing price has not yet been fixed, but it is estimated that Mr Hunter will receive approximately £800,000 through the sale of his shares.

The group has steadily increased its profits and turnover since it was founded in 196[illegible]. Between 1977 and 1981, sal[illegible] have grown from £7.1m [illegible] £14.5m, while pre-tax profi[illegible] increased from £237,000 [illegible] £962,000.

Sales and profit for the [illegible] weeks ended June 27 1982 we[illegible] £13m and £975,000 respectivel[illegible] The company expects that profi[illegible] for the year will not be less tha[illegible] £1.3m on sales of £18m.

The company is planning [illegible] install a colour press ne[illegible] summer which should expa[illegible] capacity by 30 per cent. It is al[illegible] building a new factory at Cor[illegible] for its speciality products. T[illegible] total cost of the expansion a[illegible] move to Corby is estimated [illegible] £6.6m.

About £2.23m of this will [illegible] supplied through a loan from t[illegible] *European Coal and Steel Co*[illegible]munity, as the company h[illegible] agreed to hire redundant coal [illegible] steel workers. Another £1.37[illegible] will come from governme[illegible] grants and the balance from [illegible] own resources. As of Septemb[illegible] 1982 HunterPrint had net ca[illegible] of £2m.

The company is large enou[illegible] to seek a full stock exchan[illegible] listing, but is going to the US[illegible] because "it's cheaper," said [illegible] Gresham official yesterd[illegible] HunterPrint will probably *mo*[illegible] to a full listing within the ne[illegible] few years.

Brokers to the issue are Cap[illegible] Cure Myers, the prospectus w[illegible] *be published* on October 4.

KOCH-LIGHT LABS IN RECEIVERSHIP

Mr Stephen James of Thoms[illegible] McLintock and Co, charter[illegible] accountants, has been appoint[illegible] receiver of Koch-Light Labo[illegible]tories of Colnbrook, Slough a[illegible] Haverhill, Suffolk.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Book Publishers, Fothergill and Harvey, Garner Booth, House of Fraser, Liverpool Daily Post and Echo, RMC, Tilbury, TR City of London Trust, Triplevest, Whatman Reeve Angel.

Finals: A.B. Electronic Products, S. Casket, Rowland Gaunt, GT Asia (Sterling) Fund, Tor Investment Trust, James Walker Goldsmith and Silversmith.

FUTURE DATES

Interims—	
Ash and Lacy	Oct 12
Bronx Engineering	Oct 7
Coates Brothers	Oct 28
Estates and General Investa.	Oct 5
Hambro Life Assurance	Oct 6
Hanger Investments	Oct 1
Marshall's Universal	Oct 13
Minet	Oct 7
Richards (Leicester)	Oct 1
Solicitors' Law Stationery Soc.	Oct 5
Sumner (Francis)	Oct 6
Finals—	
Australia and New Zealand Banking	Nov 15
Free State Geduld Mines	Oct 21
Kent (M. P.)	Oct 5
President Brand Gold Mining	Oct 21
President Steyn Gold Mining	Oct 21
Welkom Gold Mining	Oct 21
Western Holdings	Oct 21

THE TRING HALL USM INDEX
129.3 (+0.4)
Close of business 28/9/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
584-589 (+6)

مكتبة أمين الأصول

Marginal rise by Watmoughs

FIRST HALF 1982 taxable profits of Watmoughs (Holdings) showed a marginal improvement from £676,000 to £680,000, while turnover of this printing, publishing and process engraving group increased by 21 per cent from £7.94m to £9.64m.

Mr Patrick Walker, the chairman, says the increase in turnover enabled margains to be maintained at the trading level. But the effect of higher depreciation and interest payments following the group's heavy capital expenditure programme over the last three years, restricted the improvement in profit in the period.

Despite the many problems at present facing the printing industry, he believes the broadly based, yet specialised, interests of the group remain its great strength. Mr Walker says the group is well placed to benefit from any recovery in trading conditions.

In the 1981 annual report, the chairman said that it would be inappropriate to be other than cautious in forecasting the outcome of trading activities for the current year. Important new contracts had been secured in all sections of operation and provided there was some improvement in the level of demand, the group was capable of further progress.

After higher tax of £65,000, as against £56,000, net profits were down by £5,000 at £615,000. Stated earnings per 25p share slipped back from 9.9p to 9.82p, while the interim dividend is unchanged at 1.7p net—last year, a total of 5.45p was paid on pre-tax profits of £1.58m. The interim dividend again absorbs £106,250.

In current cost terms, mid-term pre-tax profits were £491,000 (£486,000).

● comment

Even though turnover in the first six months of this year was up 21 per cent, almost entirely volume gains, Watmough has still only managed to increase its pre-tax profits by £4,000. A heavy programme of capital expenditure over the past three years, costing more than £13m, has meant that interest and depreciation charges have cut into profits. These two together are 51 per cent higher than in the same period last year and have disguised the good selling performance of all the company's division. Borrowings are now down by over £0.5m, and with lower interest rates, charges should not take such a large slice of the full-year profits. Long-run prospects for the company look good: the new sophisticated gravure, web offset and packaging equipment is much more productive, orders for new magazines are coming in and the company is in the process of increasing its market share—it printed more in the first six months of this year than ever before. The chairman is looking for progress in the full-year figures; assuming an unchanged final dividend, the yield is 4.5 per cent on a price of 173p.

IDC up sharply to £0.5m

FIRST HALF taxable profits of the IDC Group rose sharply to £511,000, compared with £247,000 for the same period last year, and the net interim dividend is being stepped up from 1.33p to 1.464p per 20p share.

The directors point out, however, that the results for the full year will fall somewhat short of those for the 1980/81 year—pre-tax profits then totalled £1.22m and dividends 5.565p.

They explain that the group, a designer and constructor of industrial and commercial buildings, has been commissioned to undertake feasibility and design studies on a number of important projects but that it is experiencing delays with some clients who are taking longer to make major capital commitments.

The directors say this is not surprising in the current economic climate.

Turnover for the half year, covering the period to April 30 1982, rose from £18.65m to £20.55m. There was no tax charge (£131,000).

The directors say it is extremely difficult to see increases in capital investment programmes, but that they believe the group will succeed in obtaining sufficient work to enable it to progress.

They add that liquidity is "excellent."

Overseas side lifts Sparrow

WITH UK operations showing a turnround from profits of £133,000 to losses of £274,000 and the contribution of the Middle East and French associates rising from £12,000 to £476,000 first half taxable profits for 1982 of crane hire group G. W. Sparrow & Sons advanced from £145,000 to £202,000. Turnover was ahead by £2.24m at £14.44m.

The interim dividend is being cut from 0.5p to 0.25 p net per 20p share. Last year a total of 0.75p was paid from taxable profits of £93,000—struck after second half losses of £52,000.

The directors say the dividend is being reduced despite a better budgeted second half result, because a slight improvement seen in the UK is too recent and tentative to allow a confident prediction for the outcome of the year. However, priority will be given to make good recent dividend reductions as soon as conditions permit. Earnings per share for the six months are given higher at 1.92p (1.28p).

They say trading conditions in the UK remained extremely poor in the first half though the better conditions in the heavy crane division and for the 1000T crane, which were predicted in the annual statement for 1981 materialised. The 1000T crane is booked for the rest of the year and the group has a letter of intent for work to follow on well into 1983.

Overheads have been reduced and the organisation trimmed, while the total value of the group's investment in cranes has been increased slightly, so it has a modern fleet offering a comprehensive range of lifting capabilities.

The directors say the group is in a particularly good position to take advantage of any upturn in the market. The offshore and contract services divisions encountered strong competition in the first half but a good result is hoped for the full year.

Trading profits emerged at £2.15m (£2.28m) after losses on the disposal of fixed assets of £43,000 (£255,000 profits). Depreciation took £1.11m (£1.07m) and interest charges rose to £1.31m from £1.08m.

After tax of £15,000 (£21,000) attributable profits came to £187,000 (£124,000) and dividends absorb £24,000 (£49,000) leaving retained profits of £163,000 (£75,000).

Current cost adjustments reduced the pre-tax profits to losses of £523,000 and the earnings per share to a deficit of 5.5p.

LASMO PAYMENT

Payment on the oil production stock of London and Scottish Marine Oil in respect of the companies share of production from the Ninian Field for the six months to June 30, 1982, will be made on November 1, 1982, at the rate of 66.0852p per unit net.

Boustead down after Australian setback

A LOSS of £353,000 from the Australian subsidiary has been reflected in a fall in pre-tax profits of Boustead from £538,000 to £229,000 for the first half of 1982. Turnover of this investment holding company rose by £1.62m to £21.92m.

Present indications are that the second six months will show an improvement over the first half, the directors state, but current projections indicate a significant shortfall in earnings as against 1981. Last year, total taxable profits dropped to £1.42m (£2.14m).

First-half operating profits declined from £746,000 to £254,000. Pre-tax results were after charging interest of £531,000 (£524,000) but included associates' earnings of £173,000 (£219,000) and much higher investment income of £333,000 (£96,000).

Tax took £404,000, compared with £305,000, and there was a minorities credit of £142,000 (£112,000 debit). Stated loss per 10p share was 0.1p, against earnings of 0.36p last time, but the interim dividend is maintained at 0.5p net—last year's final payment was 0.75p.

The group's UK operations recorded a mid-year pre-tax profit of £118,000 and this result was significantly assisted by interest income on the funds released from the sale of Taiping Plantations.

Profits of The Boustead Company Singapore group were some £530,000 lower at £111,000, principally due to the Australian subsidiary.

The Singapore and other Far East-based companies returned a pre-tax profit of £464,000 for the six months—a 15 per cent reduction on last time. The downturn arose as a consequence of the increasingly competitive nature of the market, which has had a particularly severe impact on the engineering and shipping agency business. Other companies performed well or in line with expectations.

The directors say approval for the development of the Balmoral Park property by the Singapore authorities is expected shortly. They hope to make a detailed announcement before the end of the year.

RESULTS AND ACCOUNTS IN BRIEF

SOMPOREX HOLDINGS (confectionery, grocery)—Results for year ended April 30, 1982, reported August 27. Shareholders' funds £1.53m (£1.44m); fixed assets £1.04m (£971,105); net current assets £576,298 (£728,195). Meeting, Winchester House, EC, October 14, 12.30 pm.

FASHION AND GENERAL INVESTMENT—Results for the year to March 31, 1982, reported September 4. Investments £1.42m (£949,710). Treasury Bills £1.07m (£3.46m). Current assets £1.49m (£75,946), including deposits and other balances with bankers £1.48m (£4.207). Net current assets £1.12m (£818,227 liabilities). The trusts' ultimate holding company is Scottish and Mercantile Investment. Meeting: Winchester House, EC, October 13, noon.

CHRISTIE-TYLER (furniture manufacturer)—Results for year ended April 30, 1982, reported July 16. Group fixed assets £3.26m (£3.26m). Net current liabilities £0.24m (£4.81m assets). Cash £27,591 (£1.17m). Bank overdrafts £1.15m (£0.33m). Shareholders' funds £2.05m (£6.55m). Chairman expects better first half results as against same period last year. He sees return to profits in 1982-83 as a whole, though they will be at quite "unacceptable" level in relation to sales. Meeting, Bridgend, October 20, noon.

DINKIE HEEL (safety toe caps)—Interim 0.15p (0.25p) for first half of 1982. Turnover £920,000 (£761,000), pre-tax profit £57,000 (£75,000).

WARING AND GILLOW (HOLDINGS) (furniture and carpet retailer)—Results for the year to March 31 1982 reported August 28. Shareholders' funds £19.13m (£18.25m). Fixed assets £20.83m (£19.3m). Net current assets £7.12m (£5.84m). Chairman is not optimistic about immediate prospects. Meeting: Sheffield, October 14, noon.

COCKBURN CEMENT (Australian subsidiary of Rugby Portland Cement)—Interim dividend for six months to June 30 1982, 2.5 cents (nil); turnover A$25m (A$18.24m); trading surplus $8.4m ($3.73m); interest charges $1.2m ($1.36m); depreciation $1.7m ($1.6m); tax $1.6m (nil), leaving $1.9m (—£000).

ROBERT M. DOUGLAS HOLDINGS (civil engineer, builder, contractor)—Results for the year ended March 31 1982 reported September 8. Shareholders' funds £23.55m (£22.84m). Fixed assets £15.84m (£15.39m). Net current assets £4.63m (£5.84m). Meeting: Birmingham, October 14, noon.

UNITED BRITISH SECURITIES TRUST—Results for the year to June 30 1982 already known. Shareholders' funds £61.38m (£43.34m). Investments at cost £59.77m (£42.35m). Investments at valuation £88.35m (£105.29m). Net current assets £2.05m (£1.52m). Increase in uninvested funds £755,629 (£794,145 decrease). Company proposing to change its name to the Fleming Overseas Investment Trust. Meeting: 122 Leadenhall Street, EC, October 12, 11.30 am.

ELECTRONIC MACHINE COMPANY (optical components, electronic devices, precision engineering)—Results for the year ended April 30, 1982 reported September 10. Shareholders' funds £2.22m (£2.20m); fixed assets £580,218 (£511,737). Net current assets £281,791 (£183,422). Company intends to change year end to September 30 and accordingly, the next financial statements will cover the 17 months to September 30, 1983. Interim figures will be announced for the six monthly periods to October 31, 1982, and April 30, 1983. Meeting: Great Eastern Hotel, EC, October 18, noon.

WATSHAM'S (maker of specialised products in the optical, instrumentation and industrial safety industries)—Results for the year to March 31, 1982, reported August 2. Shareholders' funds £2.22m (£2.26m); fixed assets £1.89m (£1.49m); net current assets £1.54m (£2.05m); decrease in working capital £315,767 (£95,681). Meeting: Willesden, NW, October 15, at noon.

A. J. WORTHINGTON (HOLDINGS) (sewing thread, narrow textile fabrics and knitwear producer)—Results for the year to March 31, 1982, reported August 24. Shareholders' funds £1.7m (£1.77m); fixed assets £933,962 (£905,671); net current assets £781,197 (£754,978); increase in working capital £32,794 (£39,323). Meeting: Leek, Staffs, October 14, at 11 am.

HERRBURGER BROOKS (maker of piano actions, keys and hammers)—Results for the year to May 31, 1982, reported on August 13. Shareholders' funds £1.68m (£1.71m); fixed assets £574,184 (£669,376); net current assets £1.2m (£962,862); increase in working capital £83,315 (£98,085). Meeting: Nottingham, October 15, at noon.

GREYCOAT CITY OFFICES (property investor and developer)—Results for the year to March 31 1982 reported on July 16. Shareholders' funds £43.93m (£3.75m); investment properties £41.99m (£1.97m); net current liabilities £3.86m (assets £1.86m); decrease in working capital £5.52m (increase £2.49m). Company which was previously known as Greycoat Estates merged with City offices in January. Chairman says he can look forward with confidence to good progress in 1983. Meeting: 32, Davies St, W, on September 29 at noon.

BAILLIE GIFFORD JAPAN TRUST—Gross investment income for period to August 31 1982 £105,413, pre-tax revenue £73,281, tax £29,313, earnings per 25p share 0.44p, dividend 0.4p. Net asset value 85.2p. Earnings for initial period were augmented by relatively high rates of return available on funds awaiting investment. For the current year, earnings on the funds—now almost fully invested in Japanese common stocks and convertible stocks—and consequently the recommended dividends a year hence, are likely to be appreciably lower.

Adhesives concern bought by Burmah Oil for £5m

NEARLY EIGHT months after abandoning its opposed bid for Croda International, Burmah Oil has announced a first successful acquisition for its recently formed speciality chemicals division.

The division, Burmah Speciality Chemicals, is believed to have paid about £5m for the purchase of Industrial Adhesives, a private company based in Buckinghamshire.

Mr Brian Wardle, the chairman of Industrial Adhesives, is known to have approached Burmah earlier this year with a view to discussing a sale of his company, in which he is principal shareholder. Two years ago, the company was one of a number looked at by Burmah as possible acquisition candidates prior to its bid for Croda.

Industrial Adhesives has an annual turnover of £5.5m — almost exclusively based on the UK market—and is expected to earn pre-tax profits of about £1m this year. It employs 86 people.

The company will retain its present management and continue to trade as Industrial Adhesives. Mr Wardle will become managing director, while Mr Michael Moore, chief executive of the adhesives and sealants part of Burmah's speciality chemicals division, will become the new chairman.

Burmah said yesterday that its object was "to make more reserves available from within the Burmah group to help develop Industrial Adhesives' business."

The group already has considerable exposure to this industrial sector, notably through Expandite, a subsidiary manufacturing industrial and construction sealants. Burmah said there were substantial benefits to be derived from combining sealants and adhesives operations, as had been shown by the results of other group subsidiaries in South Africa and Australia.

SIMON ENGINEERING

Simon Engineering has sold its 50 per cent interest in Simon-Warman to Peko-Wallsend, of Australia, which held the other 50 per cent. The book value of net assets disposed of was around £2.2m. Simon-Warman manufactures a range of pumps under licence from Warman International, a wholly-owned subsidiary of Peko-Wallsend. The pumps are marketed throughout Europe for handling abrasive liquids in industries including mining, mineral processing, cement, power generation, chemical, quarry, sand and gravel.

GRA STAKE

Seaforth Investments Gibraltar, is the beneficial holder of 2.19m ordinary shares in GRA Group (5.11 per cent).

£1m purchase by Fisons in Australia

Fisons is to acquire Orbit Chemicals, a pharmaceutical manufacturing company based in New South Wales, Australia, for some £1m.

Orbit will be integrated with Fisons' subsidiary, Protea Pharmaceuticals.

The acquisition is part of a policy of further strengthening Fisons' interests in Australasia, where group sales, together with those in New Zealand, are currently running at an annual rate of approximately £25m.

Fisons yesterday completed the acquisition of Watson Victor, a scientific equipment distributor. Combined with its existing subsidiary, Townson and Mercer, Fisons' scientific equipment business is now well placed to take the leading role in this industry throughout Australasia, the directors say.

IMPS COMPLETES U.S. POULTRY SALE

Imperial Group has completed the sale of its U.S. poultry and food wholesaling businesses to Country Poultry.

Portals to contest property claim

Portals Holdings, the banknote printer, is to contest a claim to property at its Hampshire headquarters which drove its share price sharply lower yesterday.

Mr and Mrs Harold Upton, of Newbury, Berkshire, have issued writs claiming ownership of certain of the company's property.

News of the claim drove Portals' shares 13p lower to 515p at one stage, although they later recovered to show a loss of 3p at 525p. Portals, in which the Bank of England has a 29 per cent holding, said yesterday: "The Upton claim to Portals Holdings' property at Laverstoke in Hampshire is spurious and misconceived. An application will shortly be made to strike out the writ recently issued."

The Uptons had made several approaches to Portals in recent years to press their claim but this is the first time a writ had been issued, said Mr James Hamilton, a director of the company.

"All other claims have been informal claims without legal backing," he commented. "This is a change of situation."

The claim is to possession of Laverstock House, a private house occupied on a tenancy basis by Mr Julian Sheffield, Portals' chairman, according to Mr Hamilton. It does not relate to the company's paper mill nearby or to any of its other operations.

ELLESMERE ELECT. CASH INJECTION

Ellesmere Electronics, the electronics offshoot of milking machine manufacturer R. J. Fullwood and Bland, has negotiated a funding package totalling £300,000 which will enable it to develop production facilities for its technologically advanced automated farm management systems.

The capital injection has come from the British Technology Group's National Research Development Corporation and Meritor Investments, a joint Midland Bank and Rolls Royce Pension Fund concern, managed by Midland Bank Industrial Finance.

The finance will enable Ellesmere Electronics to complete the design and streamline production of its automated farm management system and market new systems in modular format. Reduced production costs will bring the selling price within the range of the typical dairy farmer with modest size herds of 50 cows or so.

NAMARA ACQUIRES WINE MERCHANT

Namara has acquired 75 per cent of wine merchant, Howells of Bristol, from the Hood family. The Hood family will continue to be actively involved with the business and Sir Tom Hood remains as chairman. Jim Hood continues as a director and now owns 15 per cent of the issued ordinary share capital. John Lloyd has been appointed managing director and he now owns 10 per cent of the ordinary capital.

VAUX BREWERIES

Vaux Breweries, advised by merchant bankers Noble Grossart, has dispatched its formal offer document for the shares of Sheffield Refreshment Houses. A share or cash alternative is offering shareholders in SRH a total value for their company of £2.4m or £2.23m respectively. The directors of SRH, advised by County Bank, are recommending acceptance of the bid, which will have its first closing date on October 22.

UNIT CONTROLS SALE OF TWO OFFSHOOTS

Anderson Greenwood & Co. of the U.S. has acquired for $3.3m two intrument-valve manufacturing subsidiaries from Manchester-based Unit Controls Holdings.

The companies acquired are Unicell, of Manchester, and Unit Controls Nederland, of Gorinchem, Holland. For the year ended June 30 1982, the acquired companies generated sales and pre-tax earnings of $3.3m and $531,000 respectively.

Under the terms of the agreement, Unit Controls has received 180,000 shares of Anderson Greenwood common stock and other cash considerations.

SHARE STAKES

Mountvale—Emray has notified that Rosand AG has disposed of a total of 150,000 ordinary shares reducing its interest to 2,186,000 (15.71 per cent).

Munton Brothers—A. R. J. Cartwright, a director, has disposed of 28,000 ordinary shares and 18,666 new nil paid ordinary shares.

Nottingham Manufacturing—A. H. Macdiarmid, a director, has disposed of 30,000 ordinary shares previously acquired under the executive share option scheme.

Nu-Swirl Industries—Wessel and Co. has bought 150,000 ordinary shares on behalf of September Purchasing Inc. which now holds 3,075,000 ordinary shares (10.375 per cent).

Queens Moat Houses—J. Bairstow, chairman, has disposed of £93,458 nominal of 10½ per cent convertible loan stock. This is his entire holding of convertible loan stock but he continues to hold 3,803,345 ordinary shares (4.2 per cent).

Shiloh Spinners—E. T. Gartside has purchased 50,000 ordinary shares and D. H. Shaw has purchased 39,790 ordinary. Largs has disposed of 327,111 ordinary and these have been acquired by Enfield Manufacturing Company, which as a result now holds approximately 11.7 per cent of the equity.

Stenhouse Holdings—W. M. Wilson and J. B. Devine, both directors, have purchased 25,000 shares on behalf of a trust, of which they have an interest as trustees, increasing their interest as trustees to 1,633,204 shares.

Sterling Industries—Lord Rotherwick, a director, has acquired 30,000 ordinary shares.

Tharsar Bardex—Mrs E. V. Fraser has sold 25,000 ordinary shares reducing total holding to 994,930 (7.5 per cent).

Wyndham Engineering—Cliff Plant has reduced its holding to 62,746 shares (10.46 per cent).

Arncliffe static midway

Right across the board, results of Arncliffe Holdings for the six months to April 30 1982 show little change on those for the corresponding period. However, the directors report that trading has continued at a satisfactory level, and the recent further cut in bank rate and the cost of mortgages should stimulate demand next year.

First half turnover totalled £2.49m (£2.46m), on which trading profits of £302,000 (£312,000) were made and, with interest at £114,000 (£112,000), net profits amounted to £187,000 (£200,000).

On this result a reserve for corporation tax of some £97,361 (£104,012) would have to be made. However, due to the incidence of stock relief, it is not anticipated that there will be a tax charge in respect of the earnings for the six months.

The net interim dividend is held at 1.12p, last year's final being 1.54p when profits of this property developer and building contractor turned in at £495,558.

LONDON TRADED OPTIONS

September 28 Total Contrcts 2,041 Calls 1,714 Puts 327

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity Close
BP (c)	330	2	—	7	1	17	—	288p
BP (p)	300	19	1	26	—	34	—	
CU (c)	130	5	56	11	—	16	—	130p
CU (c)	140	1½	15	6	4	11	—	„
CU (c)	160	1	—	3	2	6	—	„
CU (p)	130	9	5	11	—	12	—	„
Cons. Gld (c)	420	30	15	47	—	57	4	427p
Cons. Gld (c)	460	11	9	30	—	40	—	„
Cons. Gld (p)	390	6	1	14	6	18	1	„
Cons. Gld (p)	460	40	6	47	—	57	—	„
Ctlds. (c)	70	11	25	13	5	16	—	78p
Ctlds. (c)	80	3	35	7¾	5	9	—	„
GEC (c)	800	—	1	480	1	—	—	1212½
GEC (c)	950	310	2	330	—	—	—	„
GEC (c)	1000	260	5	280	—	310	—	„
GEC (c)	1100	160	58	197	1	230	—	„
GEC (c)	1200	75	36	130	25	170	1	„
GEC (c)	1300	22	59	—	—	—	—	„
GEC (c)	1315	—	—	73	53	105	—	„
GEC (p)	1100	4	—	20	3	32	—	„
GEC (p)	1200	13	2	35	5	55	—	„
GEC (p)	1300	65	11	—	—	—	—	„
GEC (p)	1315	—	—	90	1	110	—	„
Gr'd Met. (c)	240	54	—	59	1	62	—	291p
Gr'd Met. (c)	260	34	11	41	—	47	5	„
Gr'd Met. (c)	280	18	123	24	23	35	3	„
G'rd Met. (c)	300	½	129	15	86	21	6	„
Gr'd Met. (p)	260	3	—	4	15	10	—	„
Gr'd Met. (p)	280	5	4	8	10	13	—	„
ICI (c)	300	9	37	20	10	26	—	298p
ICI (c)	330	2	—	10	7	15	—	„
ICI (p)	300	11	10	16	—	20	—	„
Land Sec.(c)	280	10	—	25	25	33	—	380p
Mks & Sp.(c)	160	52	33	56	—	58	30	210p
Mks & Sp.(c)	180	32	65	36	4	40	—	„
Mks & Sp. (c)	200	14	145	21	48	29	5	„
Mks & Sp. (p)	180	3	—	4	28	6	—	„
Mks & Sp. (p)	200	5	28	9	50	11	—	„
Shell (c)	360	50	1	60	—	70	—	406p
Shell (c)	390	23	2	36	—	48	4	„
Shell (c)	420	6	8	18	—	28	1	„
Shell (p)	390	7	20	15	—	20	—	„
Shell (p)	420	22	5	28	—	30	—	„
		November		February		May		
Barclays (c)	383	20	6	—	—	—	—	380p
Barclays (c)	390	15	22	28	3	38	—	„
Barclays (c)	420	4	50	12	—	—	—	„
Barclays (p)	383	12	2	20	—	—	—	„
Barclays (p)	390	17	10	22	—	37	—	„
Imperial (c)	90	19	10	22	—	24	—	108p
Imperial (c)	100	9	116	13	51	15	—	„
Imperial (c)	110	3½	44	7	14	9	—	„
Imperial (p)	110	8	2	10	11	12	—	„
Lasmo (c)	330	35	—	52	5	70	—	344p
Lasmo (c)	390	10	8	20	—	40	—	„
Lasmo (p)	390	50	—	60	5	79	—	„
Lonrho (c)	80	9	—	14½	1	18	—	84p
Lonrho (c)	100	16	10	17	—	18	—	„
P & O (c)	130	9	7	15	—	19	1	131p
P & O (c)	140	5	—	9	16	14	—	„
Racal (c)	460	180	—	170	1	185	—	608p
Racal (c)	550	80	10	100	2	115	—	„
Racal (c)	600	43	50	65	3	77	—	„
Racal (c)	650	20	28	37	45	47	4	„
Racal (p)	550	7	1	17	—	23	—	„
Racal (p)	600	20	2	28	—	35	—	„
Racal (p)	650	52	10	58	—	68	1	„
RTZ (c)	390	54	1	64	—	77	—	434p
RTZ (c)	420	32	4	45	—	55	—	„
RTZ (c)	460	12	6	25	28	35	—	„
RTZ (p)	390	4	17	12	10	16	—	„
RTZ (p)	420	15	2	23	10	35	—	„
Vaal Rfs. (c)	55	17½	—	19½	—	22	1	$71
Vaal Rfs. (c)	70	6	2	11	—	13	—	„
Vaal Rfs. (p)	70	44	17	80	5	90	—	„

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$300	—	—	5	128.50	—	—	$411
GOLD C	$350	6	72	—	—	5	97	„
GOLD C	$375	20	50	—	—	6	79	„
GOLD C	$400	22	35	11	52 B	10	69	„
GOLD C	$425	93	22	19	40	7	55	„
GOLD C	$450	164	13	1	29 B	12	41	„
GOLD C	$475	22	7	11	20	—	—	„
GOLD C	$500	76	4.50	18	15	14	24	„
GOLD C	$550	45	2.50	22	9 A	1	14 A	„
GOLD P	$325	25	1.50 A	—	—	—	—	„
GOLD P	$350	150	3.50	13	11	—	—	„
GOLD P	$375	115	8	14	19	2	22	„
GOLD P	$400	27	18	17	27	9	30 A	„
GOLD P	$425	36	30	—	—	10	40	„
GOLD P	$450	5	48	8	56	—	—	„
GOLD P	$475	30	65	1	71 B	—	—	„
12¾ NL 81 87-91								
C	F.112.50	25	2.10	—	—	—	—	F.114.70
C	F.115	—	—	100	1.30	—	—	„
10¾ NL 80 86-95								
P	F.102.50	10	1	—	—	—	—	F.103
11¼ NL 82 88-92								
C	F.102.50	100	2.10	—	—	—	—	F.104.30
10 NL 82 86-89								
C	F.100	200	0.90	—	—	—	—	F.100.20
P	F.100	200	0.90	—	—	—	—	„
		Oct.		Jan.		April		
ABN C	F.240	40	3.50	25	13	20	15	F.241
ABN P	F.240	30	3	28	9	—	—	„
ABN P	F.260	—	—	—	—	1	23	„
AKZO C	F.22.50	—	—	5	4.80	—	—	F.27.10
AKZO C	F.25	13	2.20	25	2.70	—	—	„
AKZO C	F.27.50	50	0.60	13	1.30	17	2	„
AKZO C	F.30	6	0.10	12	0.60	—	—	„
AMRO P	F.50	1	12.50	—	—	—	—	F.37.20
HEIN C	F.60	11	8	—	—	—	—	F.68
HEIN C	F.65	4	3	—	—	—	—	„
HEIN C	F.70	6	0.80	14	2.80	4	3.50	„
HEIN P	F.65	17	0.40	—	—	—	—	„
HOOG C	F.15	6	0.80	—	—	6	1.80	F.15.30
HOOG C	F.17.50	—	—	—	—	10	0.90	„
KLM C	F.90	92	1.20	54	4.20	—	—	F.88
KLM C	F.100	61	0.20	—	—	2	4.50	„
KLM C	F.120	—	—	10	0.30	—	—	„
KLM P	F.80	2	0.50	15	2.20	—	—	„
KLM P	F.90	6	3.30	4	6.30	—	—	„
NEDL C	F.100	34	7 A	20	10.30	2	12	F.106.50
NEDL C	F.110	—	—	26	4.80	—	—	„
NEDL P	F.100	5	0.60	9	2.50	—	—	„
NEDL P	F.110	50	4	—	—	—	—	„
NATN C	F.105	10	3	—	—	—	—	F.106.80
NATN C	F.120	—	—	10	0.20	—	—	„
PHIL C	Fr.22.50	23	3.30	8	3.60	5	3.80	F.25.80
PHIL C	F.25	86	0.90	67	1.60	—	—	„
PHIL C	F.27.50	10	0.10	34	0.60	157	1	„
PHIL P	F.25	—	—	10	0.90	24	1	„
RD C	F.90	90	1.20	67	3.80	—	—	F.89
RD C	F.100	—	—	6	0.90	—	—	„
RD P	F.80	—	—	25	0.70	11	1.50	„
RD P	F.90	74	1.80	28	3.20	15	4.30	„
UNIL C	F.160	6	8.70	—	—	—	—	F.167.60
UNIL C	F.170	—	—	3	3	—	—	„
UNIL P	F.150	—	—	11	1.30	—	—	„
UNIL P	F.160	1	0.80	11	4	2	5.20	„
UNIL P	F.170	—	—	1	9.30	—	—	„
		Nov.		Feb.		May		
MANN C	DM.150	—	—	40	3	—	—	F.137.50
SIEM C	DM.220	20	26	—	—	—	—	DM244
SIEM C	DM.240	20	8.50	10	15	—	—	„
SIEM C	DM.260	15	1.20	—	—	25	7	„
SLUM C	$40	—	—	—	—	10	3¾	$36⅜
VEBA C	DM.130	—	—	10	4.50	—	—	DM124

TOTAL VOLUME IN CONTRACTS 3,402

A=Asked B=Bid C=Call P=Put

Gold Fields needs the strength of bullion

BY KENNETH MARSTON, MINING EDITOR

RESULTS of Consolidated Gold Fields for the current year to June 30 could decline "materially" unless metal prices and U.S. industrial activity show a significant improvement from the levels of June this year, say the group's Lord Erroll of Hale and Mr Rudolph Agnew, the chairman and chairman designate respectively, in the annual report.

However, they see no signs of an early end to the world recession. Thus the group will be even more dependent in the current year on its income from gold which provided half the 1981-82 profit of £116.4m before tax and interest charges.

So far, the firmer bullion price is helping matters, being currently $412½ per ounce compared with $318 at the end of June and an average of $384 in the past year to June 30. Clearly a reversal of this trend could jeopardise the maintenance of the 24.5p dividend which was covered only 1.6 times by 1981-82 earnings.

It is being generally assumed, however, that any reversal of the rise in gold would be only temporary and that the metal has broken out of its previous downtrend. But in London yesterday, Lord Erroll was not prepared to be drawn on the subject of dividend prospects at this early stage in the current financial year.

He did confirm that the group had no plans for making another rights issue in the near future, nor is it keen on fresh borrowings although these already are below one-third of total funds employed, measured on an historic cost basis.

Meanwhile, cash reserves dropped to £13.4m at June 30 from £172m a year previously, mainly because of the £132m spent on raising the stake in America's Newmont Mining natural resource group to 22 per cent from 8 per cent. Despite this tighter liquidity Gold Fields is still keeping an eye open for investment opportunities.

Of the group's more difficult areas, the U.S. manufacturing and steel operations are still making losses but there are no plans to make any "panic" disposals.

In Australia the Renison Goldfields Consolidated arm with its loss-making Mount Lyell copper and Associated Minerals Consolidated mineral sand operations is facing a long haul to recovery now that tin export control has cut the big Renison tin mine's sales by some 35 per cent.

The annual report shows net assets, including investments at market value, of 405p per share on June 30 which compares with the current share price of 428p. Since June, however, the strength of the gold share market has boosted the asset value to 538p per share.

Looking on the brighter side of things, Gold Fields points to the continued profitability of its important Amey Roadstone aggregates business and the good performance of Newmont.

"We are convinced that we are right to continue to invest in scarce natural resources because in the longer term they will be needed by world industry and commerce and we shall be in an even stronger position to take advantage of the economic upturn when it comes."

Meanwhile, the shares yield a reasonable 8 per cent which, in view of the group's gold backing, at least makes them cheaper than many non-gold mining groups which either return much less or are working at a loss.

Afex SA plans rights issue

LUXEMBOURG'S Afex Corporation SA plans to raise US$3.56m (£2.1m) by way of a one-for-one rights issue. A total of 1.78m shares of nominal value $1.50 will be issued at $2 per share.

Afex SA said the proceeds will be used to settle a UK tax liability of £700,000, with the remainder giving the company funds to take advantage of investment opportunities in the medium term.

The Luxembourg company rose out of the ashes of the former Zimbabwe-registered Afex Corporation, probably better known under its old name of Rhodesian Corporation. The reorganisation and change of domicile were approved at a recent extraordinary meeting in Luxembourg.

Shareholders approved the winding-up of the Zimbabwe company, and are to receive one share of nominal value $1.50 in the new Afex SA for every five.

The group hopes to complete the reorganisation by October 1, and thereafter the shares of Afex SA will be traded on the London, Johannesburg and Zimbabwe stock exchanges.

Afex had already taken several steps towards a restructuring, notably by setting up two subsidiaries, Sussex Securities in South Africa and Zimcor in Zimbabwe.

Weeks reduces stake in AOD

THE Bermuda-registered natural resources group Weeks Petroleum and its 51 per cent owned subsidiary Weeks Australia, have reduced their joint holdings in the Australian oil and gas producer and explorer Alliance Oil Development (AOD) to 15.8 per cent following the sale of a total of 7.5m AOD shares at a price of A$1.35 (75.3p) a share.

The sale of the AOD shares took place on Tuesday and reduces Weeks Bermuda's holding in AOD to 3.74m shares, or 3.2 per cent, and Weeks Australia's holding to approximately 14.7m shares, or 12.6 per cent.

The A$10.1m (£5.65m) raised by the sale will be used to further both companies' oil and gas exploration programmes.

BIDS AND DEALS —(contd.)

SOVEREIGN FOODS/ HILLIER'S

The joint receivers of Hillier's, a bacon curing company say that the meat products business previously carried on by Hillier's has been acquired by Sovereign Foods, a member of the Barretts and Bairds (Wholesale) Group.

MENZIES/LONSDALE

John Menzies' offer for Lonsdale Universal has been accepted in respect of over 90 per cent of the ordinary and of each class of preference shares. Menzies will compulsorily acquire the remaining shares.

SCHINDLER HLDG. ASSUMES CONTROL OF O & K LIFTS

Schindler Holding AG, with headquarters in Switzerland, has assumed control of O and K Lifts in Keighley, West Yorkshire, a company with a workforce of around 500 and an annual turnover of approximately £10m.

O and K Lifts, which was founded in 1891 under the name Keighley Lifts, is now to trade under its original company name. Control of O and K Escalators, similarly based in Keighley, is being retained by its parent company O and K (Orenstein und Koppel) in Dortmund.

The Schindler Group, with a worldwide workforce of 22,000 and a turnover of £400m, has taken several notable steps in recent years, moving into the American, Chinese and Australian markets.

HOUSE OF FRASER DEAL WITH HARRIS QUEENSWAY

House of Fraser and Harris Queensway have entered into a joint trading relationship which involves the sale of carpets and floor coverings, by Harris, in two of Fraser's larger Scottish stores, and the introduction of a wide range of Fraser's electrical goods into two Harris' stores in Scotland.

Professor Roland Smith, chairman of Fraser says that should the relationship prosper, "it is likely that the two companies would work more closely together in other product areas and in more parts of the UK."

MURRAY JOHNSTONE INVESTMENT

Murray Johnstone, Glasgow investment manager, has invested approximately £500,000 in new equity capital in Corintech, the independent manufacturer of thick film hybrid circuits. The investment is to form a new division called Corintech micro circuits, has been made by Murray Technology, Murray Clydesdale and Murray Western, the former's stake in Corintech remaining at 43 per cent.

The new division will be involved in the design and production of gate arrays which are semi-conductors where circuit characteristics are defined by the interconnection on the surface of the chip.

NO PROBE

The merger between Australian Consolidated Industries and Plascoat International is not to be referred to the Monopolies and Mergers Commission.

SHARE STAKES

Allnatt London Property—The Kuwait Investment Office has disposed of its holding of 2.27m ordinary shares (5.675 per cent).

Ariel Industries—Ariel SA has acquired 101,967 ordinary shares increasing holding to 1,389,447 (23.16 per cent). Ariel Employees Holdings has acquired 879,375 ordinary (14.66 per cent). Mrs Ann Edwards, Mr C. K. Edwards and Mrs A. Edwards "A" account, and Mr C. K. Edwards and Mrs A. Edwards "B" account, have disposed of 306,000 ordinary (5.1 per cent).

Assam Trading (Holdings)—Glencona Properties, a company controlled by J. Guthrie, has acquired 25,000 "B" shares, increasing the beneficial holding of J. Guthrie to 904,640 "B" shares.

Belhaven Brewery Group—John Berkley, a director, purchased on September 17 75,000 shares, thus increasing his holding to 2,050,200 ordinary (9.43 per cent).

Bishopsgate Trust—The Equitable Life Assurance Society has increased its holding to 1.935m ordinary stock units (8.21 per cent).

British Empire Securities and General Trust—The Imperial Life Assurance Company of Canada, following recent purchases, is beneficial owner of 1,505,790 ordinary shares (7.41 per cent).

British Vita—R. H. Sellers, a director, has sold 10,000 ordinary shares.

George Dew — Scottish American Investment holds 405,000 ordinary (5.06 per cent).

Electrocomponents — Clerical, Medical and General Life Assurance Society is now interested in an aggregate total of 5,360,500 ordinary shares.

Energy Finance and General—E. D. Barkway, a director, has sold 25,000 ordinary shares to a director of a subsidiary company.

Equity Law Life Assurance—The Kuwait Investment Office has reduced its holding by 200,000 shares to 1m (4.98 per cent).

Fledgeling Investments — Anglo-American Securities Corporation has reduced its holding to 1.15m ordinary (9.15 per cent).

Global Natural Resources — Jameel International (Netherlands) BV has acquired a further 127,206 shares and now holds 2,032,104 common shares (8.37 per cent).

GRA Group — Seaforth Investments Gibraltar now holds 2,692,000 ordinary (6.28 per cent).

Grand Metropolitan — C. J. Smith, a director, has sold 31,000 ordinary shares.

Hall Engineering (Holdings)—Marchwiel has acquired a further 130,000 ordinary shares increasing its holding to 1,173,039 ordinary (8.27 per cent).

Jantar — Edward Nassar has purceased 78,000 shares in the name of Pioneer International Trust.

Jeavons Engineering — Donald Bass has increased his ordinary holding to 336,000 shares (6 per cent).

RESULTS AND ACCOUNTS IN BRIEF

APEX PROPERTIES (property investment and development)—Results for year to March 31, 1982, reported on August 25. Group properties £9.86m (£9.26m). Board estimates value of properties is some £10m over book figure. Meeting: 243-247 Pavilion Road, Sloane Square, SW, October 19, at noon.

RICARDO CONSULTING ENGINEERS—Results for year to June 30, 1982, reported on September 8. Shareholders' funds £9.6m (£8.53m), fixed assets £5.45m (£4.43m); net current assets £4.12m (£4.1m); increase in net liquid funds £496,000 (£3.16m). Meeting: St Ermin's Hotel, Caxton Street, SW, October 19, at noon.

ASPRO - NICHOLAS (pharmaceutical household products and chemicals—wholly owned by Nicholas International, (£52.72m) for year to June 30, 1982, (comparisons adjusted). Trading profit £7.54m (£7.15m). Pre-tax profit £7.16m (£6.11m) after interest £284,000 (£1.07m). Tax £3.64m (£2.4m). Extraordinary debit £595,000 (credit £344,000). Minorities £47,000 (£74,000).

JOSEPH HOLT (brewer and wine and spirit merchant)—Interim dividend cost £90,000 (£80,000) to reduce disparity in half year to June 30 1982. Turnover £3.585m (£3.038m). Pre-tax profit £1.028m (£871,872). Tax £534,570 (£453,372). Earnings per 25p share 16.45p (13.95p). CCA pre-tax profit £1.016m.

WALTER DUNCAN & GOODRICKE (investment holding company)—Pre-tax profit for first half 1982, £26,000 (£47,000); turnover £2.11m (£1.83m); tax £8,000 (£3,000); minorities £3,000 (£5,000). Earnings per £1 share 0.88p (2.25p). Board expects to pay 12p (same) dividend for year.

ALBANY INVESTMENT TRUST—Gross revenue for half year to August 31 1982 £112,036 (£96,136). Interim dividend 0.7p net (0.6p). Net asset value per 20p share 57.02p (58.5p).

ARBUTHNOT GOVERNMENT SECURITIES TRUST—Fourth interim in lieu of final for year to July 31 1982 is 2.75p (3.15p) gross, as already announced, and making total 11p (12.76p). Gross revenue £2.53m (£3.62m). Net revenue £2.42m (£3.53m) after all charges.

MACDONALD MARTIN DISTILLERIES—Interim 3p (same) for first half of 1982. Turnover £7.28m (£7.29m). Trading profit £1.01m (£1.04m). Pre-tax profit £517,000 (£464,000), after interest £493,000 (£577,000). Tax £55,000 (£36,000). Earnings per share "A" ordinary 17.85p (15.89p) and "B" ordinary 8.93p (7.94p). CCA pre-tax profit £51,000 (£98,000).

BRISTOL CHANNEL SHIP REPAIRERS (subsidiary of C. H. Bailey). No final dividend for year to March 26 1982 (same); pre-tax loss £147,111 (£1.787 profit); turnover £4.33m (£5.31m); no tax payable (same): extraordinary debit £597,941 (nil) being write-off of fixed assets following closure of leasehold properties. Earnings per 10p share nil (0.002p). CCA pre-tax loss £170,000 (£86,050).

WINTERBOTTOM ENERGY TRUST—Net asset value per ordinary share at close of business on September 24 1982 was 62.6p after deduction of prior charges at par, and 66.1p at market value.

NEEPSEND (engineering, tool production, metal production and processing)—Results for the year ended March 31 1982 and prospects reported July 31. Shareholders' funds £5.99m (£7.16m). Capital employed £12.17m (£13.26m). Current assets £10.2m (£12.28m), including stocks £4.96m (£6.77m). Current liabilities £6.29m (£7.39m), including bank overdrafts (partly secured) £2.12m (£3.39m). Decrease in working capital £1.36m (£3.36m). Meeting: Sheffield, October 28, 12.15 pm.

MOLYNX HOLDINGS (maker of equipment for TV industry)—No interim dividend (same). Turnover £410,000 (£479,000) for half year to June 30 1982. Pre-tax loss £22,500 (£23,400). tax nil (same). Trading conditions continue difficult with little indication of any upturn in demand.

MOUNTLEIGH GROUP (property development and investment)—Results for year to April 30 1982 and prospects reported August 24. Group shareholders' funds £6.91m (£5.74m). Investment properties and investments £8.21m (£6.12m). Net current assets £1.9m (£2.26m). Net outflow of funds £1.59m (£0.38m inflow). Meeting, Grosvenor House Hotel, W, October 26, noon.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Guinness Mahon	10½%
Allied Irish Bank	10½%	■ Hambros Bank	10½%
Amro Bank	10½%	Hargrave Secs. Ltd.	§10½%
Henry Ansbacher	10½%	Heritable & Gen. Trust	10½%
Arbuthnot Latham	10½%	■ Hill Samuel	§10½%
Associates Cap. Corp.	11 %	C. Hoare & Co.	†10½%
Banco de Bilbao	10½%	Hongkong & Shanghai	10½%
BCCI	10½%	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	10½%	Knowsley & Co. Ltd.	11 %
Bank of Ireland	10½%	Lloyds Bank	10½%
Bank Leumi (UK) plc	10½%	Mallinhall Limited	10½%
Bank of Cyprus	10½%	Edward Manson & Co.	12 %
Bank Street Sec. Ltd.	12 %	Midland Bank	10½%
Bank of N.S.W.	10½%	■ Samuel Montagu	10½%
Banque Belge Ltd.	10½%	■ Morgan Grenfell	10½%
Banque du Rhone	11 %	National Westminster	10½%
Barclays Bank	10½%	Norwich General Trust	10½%
Beneficial Trust Ltd.	11½%	P. S. Refson & Co.	10½%
Bremar Holdings Ltd.	11 %	Roxburghe Guarantee	11 %
Brit. Bank of Mid. East	10½%	Slavenburg's Bank	10½%
■ Brown Shipley	11 %	Standard Chartered	‖10½%
Canada Perm't Trust	11 %	Trade Dev. Bank	10½%
Castle Court Trust Ltd.	11 %	Trustee Savings Bank	10½%
Cavendish G'ty T'st Ltd.	12 %	TCB	10½%
Cayzer Ltd.	10½%	United Bank of Kuwait	10½%
Cedar Holdings	11 %	Volkskas Intl. Ltd.	10½%
■ Charterhouse Japhet	10½%	Whiteaway Laidlaw	11 %
Choulartons	11 %	Williams & Glyn's	10½%
Citibank Savings	¶11 %	Wintrust Secs. Ltd.	11 %
Clydesdale Bank	10½%	Yorkshire Bank	10½%
C. E. Coates	11½%		
Comm. Bk. of N. East	10½%		
Consolidated Credits	10½%		
Co-operative Bank	*10½%		
Corinthian Secs.	10½%		
The Cyprus Popular Bk.	10½%		
Duncan Lawrie	10½%		
E.T. Trust	10½%		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fraser	11½%		
Grindlays Bank	‡10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1 month 7.50%. Short-term £8,000/12-months 9.85%.
† 7-day deposits on sums of: under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
§ 21-day deposits over £1,000 8½%.
‖ Demand deposits 7¼%.
¶ Mortgage base rate.
§ Effective from close of business 31 August 1982.

Senior posts at Barclays

Mr Malcolm Stephens, under-secretary and principal finance officer at the Export Credits Guarantee Department before joining BARCLAYS BANK INTERNATIONAL last April, has been appointed an international finance director from October 1. He will head the bank's export credit operations.

★

Mr Geoffrey Miller, managing director of Barclays Insurance Services, has been appointed deputy general manager (finance and planning) of BARCLAYS BANK UK from January 1 1983.

★

Mr Paul Lewis has been appointed financial director of the RACAL DATA COMMUNICATIONS GROUP, and Mr Tim Holley becomes managing director of Racal-Milgo. Mr Lewis joins Racal from Bestobell where he was group financial director. Mr Holley moves to Racal after 20 years with ICL, including five years as managing director of Dataskill. Prior to joining Racal-Milgo he was director of application systems and services at ICL. Following these appointments Mr Leighton Davies, who was previously managing director of Racal-Milgo, becomes chairman of that company.

★

Mr F. Brenan, Mr J. D. Hambro, Mr I. L. Schulegelow and Mr A. M. Sorkin have been appointed executive directors of HAMBROS BANK.

★

Mr John Lloyd has been appointed managing director of HOWELLS, the oldest wine merchant in Bristol. The Namara Group, headed by Mr Naim Attallah, have taken a majority interest in the company. Sir Tom Hood remains chairman, Mr Jim Hood and Mr Rodney Holt are executive directors and Mr John Asprey, chairman of Asprey's of Bond Street, joins the board. Mr Lloyd was formerly a director of Sotheby's wine department.

★

Mr Winston Lewis, assistant director TRANSPORT AND ROAD RESEARCH LABORATORY, has retired.

★

Mr Richard Allen will be joining CREDIT SUISSE FIRST BOSTON on October 18 as executive director for election at the board meeting of October 14. Mr Allen, a partner in Wood Gundey, will work in the corporate finance department with responsibility for merger transactions and other non-capital market products with specific UK/German accounts and overseas companies located in London. He will also act as chief of staff in the corporate finance department.

★

Mr Derek King has been appointed managing director of WEST LEIGH SOUTHERN, a new division of the West Leigh Group. He will be directly responsible for developing the company's "Retrofit" window refurbishment service. He previously held a similar position with an associate company, R. Maggs and Co.

★

Mr John Chiswell, managing director of MARINA DEVELOPMENTS, has been appointed chairman of three ex-Yule Catto marinas, Cobbs Quay, Hartford, and Upton Marinas following the recent change in ownership.

★

Mr D. J. Palmer has been appointed a director of CHRISTIANI AND NIELSEN.

★

BURNETT AND HALLAMSHIRE HOLDINGS has appointed Mr K. E. Smith and Mr P. J. Hyde to the board of the oil division, UK Petroleum Products Holdings, as sales director and supplies director respectively. Mr Smith was employed by Total Oil of Great Britain from 1968 to 1978. Mr Hyde was financial director to a Yorkshire textile manufacturing company from 1969-81.

★

THE CALDWELL PARTNERS INTERNATIONAL has appointed Major General Desmond Smith as chairman.

★

Mr J. H. Peart has been appointed chairman of TEES AND HARTLEPOOL PORT AUTHORITY from January 1 1983 to February 28 1986. He succeeds Dr Arthur W. Taylor, who is to stand down as chairman from January 1, although he continues as a member of the board until the end of February. Mr Peart is the chairman of F. Peart and Co. Until April he was the High Sheriff of Cleveland.

★

Mr Michael F. Nash of Fraser Nash Consultants, who was appointed chairman of BULL ELECTRIC, Suffolk-based motor manufacturing company, at the time of its acquisition by the NEB in 1977, has resigned because of other commitments.

★

Lord Constantine of Stanmore has been appointed chairman of LPHG MANAGEMENT SERVICES.

★

Mr Neal King has been elected president of the BRITISH VETERINARY ASSOCIATION. Other officers elected were: senior vice-president—Dr Tom E. Gibson; junior vice-president—Mr John L. Crooks; honorary secretary — Mr James Allcock; and honorary treasurer — Mr John Richardson.

★

Rear - Admiral Peter Hammersley has been appointed chief executive to the BRITISH INTERNAL COMBUSTION ENGINE MANUFACTURERS' ASSOCIATION, from November 1, succeeding Mr Kenneth Higgins who is retiring.

★

Mr Ian Bisset has been appointed an assistant general manager of the NFU MUTUAL AND AVON INSURANCE. He was regional manager of the Standard Life Assurance Company.

★

Mr Neville Poole has been appointed financial director of the MORSE FLEXON GROUP, Letchworth. He was company secretary and financial director of the Acco Company, Peterborough.

★

LONRHO TEXTILES—which incorporates Brentfords Shops and Accord—is to become four wholly-autonomous divisions from October 1. The new divisions are: Brentfords Shops, Accord Shops, Accord Sales and Lonrho Textiles. Managing directors, appointed from within the company, have been designated. Mr Tony Dickin will run Brentfords Shops; Mr Derek daCosta, formerly director of retail operations, will head the Accord Shops. Accord Sales will be run by Mr Peter Carnall; Dr Malcolm Jeffrey will be in charge of Lonrho Textiles.

★

HOUSE OF FRASER has made executive management changes at both main and divisional board level. Mr George Burke, at present merchandise director, is to become development director, with special responsibility for store and physical distribution expansion throughout the House of Fraser, as well as having the responsibility for the development of overseas retail services. Mr Peter Brimacombe, currently managing director of the Dingles Store Group of the House of Fraser in the south west of England, is appointed merchandise director of the House of Fraser. Mrs Mair Barnes, presently stores director of Dingles, is appointed managing director of Dingles. She is the first woman ever to take on managing director responsibility in any part of the House of Fraser group. Mr E. J. Gamble has been appointed managing director of House of Fraser (Midlands) in place of Mr D. J. Bowyer, who has retired.

★

Mr John D. Popplewell has been appointed managing director of CMT INDUSTRIAL SUPPLIES (UK) a member of the Caparo Group.

★

Mr D. L. Shaw will be joining the Crouch Group as managing director of one of the principal subsidiary companies, CROUCH DEVELOPMENTS from October 1. Mr R. J. Homer, currently the group company secretary, and Mr D. B. Taylor, currently the group financial controller, have been appointed to the board of Crouch Group Services.

CONTRACTS

NCB places £3.7m orders

CONTRACTS WITH a total estimated value of £3.7m have been let by the National Coal Board. Details are: half locked coil guide ropes for the period September 1 1982 to August 31 1983, to a total estimated value of £1.3m from BRITISH ROPES; BRUNTONS (MUSSELBURGH); GLOVER BROS (MOSSLEY); and LATCH AND BATCHELOR.

Pullwire cables for conveyor control systems for the period September 1 1982 to August 31 1983, to a total estimated value of £1m from AEI CABLES; COMMUNICATIONS AND CONTROL ENGINEERING; LB PLASTICS; and PIRELLI GENERAL CABLE WORKS.

Rack section and rack track assemblies for the period September 1 1982 to August 31 1983, to a total estimated value of £1.3m from OMEC ENGINEERING; TREDOMEN ENGINEERING; and WALTON AND CO (WOLVERHAMPTON).

★

HUNTING SURVEYS has been awarded a contract by the Ordnance Survey to carry out the revision of 194 map sheets at a scale of 1:2,500 covering approximately 200 sq km of land in Devon. This contract is one of the first to be let to private contractors. The map revision will be carried out using a combination of aerial survey and field methods. The survey has to be completed by February 1983.

★

DRAKE AND SCULL ENGINEERING has been appointed to design and construct the mechanical and electrical engineering services for "Wonderworld" Themepark. On the scale of Disney World in Florida, Wonderworld is the concept of Grove Five Holdings and is to be developed on the thousand acre site formerly used by the British Steel Corporation at Corby, Northamptonshire.

First phase of the development is scheduled to open in the summer of 1985. Drake & Scull will shortly start detailed design work, operating closely with the project architect and planner Derek Walker Associates, and the construction managers French Kier Construction.

★

CRYSTALOX 1982 has a £114,000 contract with China National Machinery Import and Export Corporation, Beijing, for supply of a materials preparation system for teaching and research into crystal growing for Shandong University, Jinan.

COMMODITIES AND AGRICULTURE

Bid to boost UK fish consumption

● SEA FISH Industry Authority has announced a nationwide campaign to increase British fish consumption. The authority hopes to double the UK market for fresh fish in the next four years.

Mr Peter Seales, chief executive of the Sea Fish Industry Authority, said that over the past 10 years the amount of fish eaten per head of population had declined by about 33 per cent.

"We eat less fish here than in any other European country. This is in spite of the fact that we have the wealthiest fish waters."

● NIGERIA plans to develop rubber plantations on a further 100,000 hectares of land in a bid to boost rubber exports.

Mr Nelson Oguwewo, general manager of the Nigerian Rubber Board, said his country—the second largest rubber producer in Africa next to Liberia—was enjoying high demand for its 13 grades of rubber, in spite of export competition from South East Asian countries.

He said of the 55,000 tonnes produced annually, 30,000 tonnes went to domestic markets, an "inadequate" amount given Nigeria's increasing needs.

● JAPANESE production of electrolytic copper fell by 0.3 per cent in August to 89,400 tonnes from 89,700 in July, bringing total copper output in the first eight months to 704,700 tonnes.

● MALAYSIA'S exports of palm oil in the first six months of this year rose by 5.1 per cent to 1.226m tonnes, but earnings dropped by a similar percentage to 1.325bn ringgits ($560m) because of poor world prices.

● ANGOLA will set up a $20m programme for workers on its ruined coffee plantations so they can grow coffee instead of food for themselves. Angola's deputy agriculture minister said there was no hope of reaching this year's 35,000 tonne coffee output target. He said 1981 coffee production was 23,877 tonnes compared with 210,000 tonnes in 1973, the last year of normal output before independence.

Aluminium prices bounce back

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM prices bounced up on the London Metal Exchange yesterday in active trading conditions. Turnover jumped to 40,025 tonnes with particularly heavy dealings on the late afternoon. The three months quotation fluctuated from a low of £557 to a peak of £575 on the late kerb. The afternoon was £11 up on the previous day at £569.75 a tonne.

There was some confusion as to why the market has suddenly become so active. One trader claimed that the bulk of business was coming from trade sources, who had become very bearish following Metal Bulletin's aluminium seminar in Monte Carlo last week.

Prices were driven down to the lowest level for two months, but this fall evidently triggered off buying interest and the market moved up strongly yesterday. However there was reported to be general trade selling when three months rose above £570.

The fundamental supply-demand picture for aluminium remains gloomy, with consumption sluggish and stocks continuing to build up. Last week LME warehouse stocks of aluminium rose by over 4,000 tonnes, raising total holdings to a near record of 419,175 tonnes.

However, at present the market appears to be mainly influenced by chart pricing patterns, triggering off both trade and speculative activity.

The rise in aluminium came in spite of a further decline in copper, with the higher grade cash price losing £3.5 to £808 a tonne. U.S. producer, Kennecott, confirmed it is lowering its domestic selling price by 3 cents to 67 cents a lb in line with cuts already announced by other leading producers.

Amax Lead and Zinc on the other hand raised its domestic U.S. selling price for zinc by 2 cents to 42 cents following similar increases by other producers in the past month. This puts the U.S. price for zinc at a considerable premium to European levels, especially the London Metal Exchange quotations.

Fall in milk payments

By Our Commodities Staff

THE Milk Marketing Board has announced a small cut in the additional payments made to producers for the six months beginning September 1982. The payment is to fall to 0.20p per litre from 0.25p previously and, according to the MMB, the reduction was made because of the need for a "prudent pricing policy."

It is however thought unlikely that there will be any increase in the retail price for milk, currently 20p per pint. Mr Peter Walker, the Agriculture Minister, is due to make a statement on retail prices by October 1.

The reduction in the additional price payment could be considered controversial given the increased costs faced by farmers in the winter months. But this "small reduction" should be offset by the fact that producers will soon be receiving their retrospective additional payments for the period April to September of this year says the Ministry.

With the level of liquid milk consumption seen as highly price sensitive by all in the industry, no large group is pressing for an increase and the Dairy Trade Federation has asked the Minister to peg prices until the next review, due in the spring of 1983.

Dairy companies have, however, argued that as farming incomes have risen by as much as 18 per cent this year there should be a cut in the additional payment.

GLOBAL WEATHER PATTERNS

And desert was created

BY A CORRESPONDENT

DURING the early 1970s, the plight of the drought-stricken people of the Sahel (the region bordering on the southern fringe of the Sahara desert) received worldwide attention. Large amounts of aid were sent to the desperately poor countries of the region and when the rains returned closer to the normal levels in 1974 and 1975, it was widely assumed that the problem had been solved.

A recent analysis* has shown that the rains have not remained at the normal levels and that in the years 1977 to 1981 the drought was as severe as in the early 1970s. This observation raises interesting questions about the permanence of the climatic shift that has taken place, the implications of this shift for the continued southward expansion of the Sahara desert, and the way in which the richer nations perceive the problems of Third World agriculture and its vulnerability to climatic fluctuations.

The rainfall in the Sahel is intimately linked with the pattern of global weather. It is associated with the movement of the region of clouds and rainfall that girdle the earth close to the Equator, known as the intertropical convergence zone.

As the overhead sun moves northwards during the northern summer, the region of equatorial rainfall follows behind. It moves up from the coast of West Africa, which has heavy rain for much of the year, to bring a short, wet season to the Sahel from May to September.

The amount of rain declines rapidly with the northward movement of the zone. At 11°N—over most of West Africa—the annual rainfall is typically over 40 inches, but at 18°N, it falls to less than ten inches and more than two-thirds of this is concentrated in July and August.

The critical dependence on how far the band of equatorial rainfall extends northwards, means that in years when the movement of this zone is restricted for any reason, the shortfall in the great swathe south of the Sahara can be disastrous. This is what has happened almost every year since 1968, and is equivalent to the entire rainfall belt moving south on average about 100 kilometres.

The consequences on the land are dramatic. In years when the rains fail, the natural vegetation dies back, but may recuperate in subsequent wetter years. If however the area is overgrazed, especially by goats, then the protective vegetation is destroyed and the desert takes over.

In parts of the Sahel the desert has moved south by up to 200 kilometres in the last 20 years or so. This movement may also in part explain why the drought has lasted so long. Because desert sand reflects more sunlight than the savannah vegetation it replaces, it alters the whole regional weather system.

Computer-models of the global climate have attempted to simulate what happens if a strip of the sub-Saharan savannah is replaced by desert. Their results suggest that such a change produces a permanent shift southwards of the rainfall patterns which thus acts as a positive feedback to reinforce the advance of the desert.

While these results suggest a reason for the continuation of the drought, they do not explain what started it, or what will end it. Indeed the southward movement of the Sahara may have been going on for thousands of years with periods of rapid advance intermingled with static stages of even of retreat.

The fact that the Sahara was wetter in prehistory suggests that the events in the Sahel may be part of a much longer term shift in global climate. The worrying feature is that the activities of man, by overgrazing marginal areas at times of drought, seem to be acting to accelerate the advance of the desert.

Equally worrying is the way in which, after a period of worldwide reaction to the drought, interest has died away, in spite of the fact that there is no evidence that the climatic damage has ceased. What seems to have happened is that the people have moved away from the drought-stricken regions and in some cases have given up their past way of life, relying instead on aid.

This reaction is symptomatic of the difficulties facing Third World agriculture in marginal areas. Temporary action may disguise the longer term effects and so fail to tackle the underlying problems.

In particular in areas of low rainfall where even in good years the land is capable of only limited output, the response to the bad years makes matters worse. Over exploitation, propped up by external aid, may result in the permanent destruction of the already scanty agricultural resources.

Because the advance of the desert areas of the world is not a recent phenomenon, the effect of man is a big problem. Much of the desert of North Africa and the Middle East may be a consequence of bad agricultural practice. It has been estimated that these changes may have been a large contributory factor in the cooling of the global climate over the last 5,000 years.

So the events in the Sahel may have wider climatic consequences as well as more immediate agricultural implications. While any effects on our climate may not be detected for many years, the problems of less developed countries shipping below the subsistence level, at the same time as the western world produces ever larger food surpluses, may happen any year now and so pose awkward questions about the transfer of resources.

The increasing vulnerability of many of the poorest countries in the world to climatic fluctuations will probably mean that these questions will have to be considered with greater frequency in the future. The reaction to the continuing drought in the Sahel does not provide convincing evidence that we have the solution.

* *Persistence of Subsaharan drought: Peter J. Lamb; Nature, Vol. 299; pp 46-48 (1982).*

Silo to aid UK grain sales

BY JOHN CHERRINGTON, AGRICULTURAL CORRESPONDENT

BRITAIN'S grain exports for the year 1982-83 will probably total 6.5m tonnes said Mr Paul Fribourg, director-general of Continental Grain (Europe) when opening the company's new export silo at Southampton yesterday. In order to move the massive surplus the company has provided storage for 16,000 tonnes and a loading capacity of 1,000 tonnes per hour.

Mr Fribourg underlined the growing importance of UK grain exports, particularly wheat, not only to North Africa but to the Middle East and Asia and Eastern Europe. This facility will enable grain to be exported directly to these markets in large ships instead of the smaller ships used at the ports up to now which entailed transhipment to Rotterdam for reloading.

This silo will draw grain from a very wide area in the south of England and probably reduce shipments from many of the smaller ports used up to now.

By next year another silo, built by a consortium of local and European traders will be open in Southampton, which will mean a market expansion much welcomed by farmers.

The only possible flaw in these projects is that exports from the UK are entirely dependent on restrictions from the EEC, a foundation entirely dependent on the political climate in the Community.

Reuters adds that the EEC plans new measures to support the Community's wheat market in the face of a record harvest and a flood of wheat into intervention.

A final decision on the exact form of the measures is likely in the next week or so. Options

Early start for Israeli citrus shipments

By L. Daniel in Tel Aviv

THE ISRAELI citrus shipment season started three weeks earlier than usual this year with the despatch of 300,000 cases of early-ripening grapefruit to Continental markets last week.

A similar quantity is to be exported this week and will include a first consignment of 60,000 cases of grapefruit for Britain.

Australian meat export checks urged

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE Cattle Council of Australia yesterday warned the Government to vet stringently all licensed meat exporters so as to safeguard the country's beef trade.

"Only those with a clean export slate should be accredited to the U.S. market in 1983," said Mr Gerry Collins, the council's president.

He said the Government and the beef industry had worked hard to restore credibility in world markets following the meat substitution scandal revealed last year.

Last week, a Royal Commission report said that an illegal trade in substitute beef had been able to flourish because of corruption and inefficiency in the Australian federal police force, and in the Department of Primary Industry.

Late last week, three federal police officers were charged under disciplinary regulations following investigation of the scandal.

The report disclosed a history of cheating and fraud among some processors and exporters, though tougher security regulations are thought to have largely stamped out malpractices within the industry.

The Australian Labor Party has called for a single meat inspection system.

The licences of all export abattoirs and meatworks currently accredited to supply beef to the U.S. are at present being reviewed by the federal government.

The council urged yesterday that the recommendations of the Royal Commission be treated seriously and not lost in political controversy.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	33.40-33.70	+0.05
Iranian Light	31.20-	—
Arabian Heavy	30.75-31.10	−0.05
North Sea (Forties)	34.30-34.60	+0.05
African (Bonny L'ht)	35.25-35.50	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	361-365	−0.5
Gas oil	305-311	+3
Heavy fuel oil	170-175	+0.5

*Notional.

GAS OIL FUTURES

Quiet trading prevailed as the market showed no inclination to break out of the recent narrow range. New York was similarly quiet, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Sept	307.00	+1.00	307.00-05.00
Oct	311.00	+2.00	311.00-09.50
Nov	314.50	+1.00	314.75-12.00
Dec	317.75	+1.50	317.50-15.00
Jan	317.25	+1.25	317.25-15.75
Feb	317.00	+1.00	—
March	310.00	+1.00	—
April	309.00	+4.00	—
May	305.00	—	—

Turnover: 1,158 (1,628) lots of 100 tonnes.

GOLD MARKETS

Gold finished unchanged from Monday's close in the London bullion market yesterday at $412-413. This was its best level of the day, having touched a low of $405-406 from an opening level of $409-410. Trading was rather quiet with no fresh impetus after the entry of U.S. centres into the market.

In Paris the 12½ kilo gold bar was fixed at FFr 94,000 per kilo ($406.97 per ounce) in the afternoon, compared with FFr 93,750 ($407.05) in the morning, and FFr 94,000 ($409.02) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,440 per kilo ($409.95 per ounce), against DM 33,455 ($411.00), and closed at $410½-413 from $412½-414.

In Zurich gold finished at $410-413 from $412-415.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was fixed at $409.75 against $414.50.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	£ per troy ounce		
October	241.60-2.00	−0.650	242.50-39.70
November	243.75-4.05	−0.725	—
December	245.50-6.00	−1.050	246.50-4.00
January	248.00-8.50	−0.250	247.75-7.40
February	250.00-2.00	—	—
March	251.00-3.00	+0.250	—
April	253.95-7.00	+0.125	—

Turnover: 215 lots of 100 troy ounces.

	Sept. 28		Sept. 27	
Gold Bullion (fine ounce)				
Close	$412-413	(£243¼-243¾)	$412-413	(£242½-243)
Opening	$409-410	(£240¾-240¾)	$410-411	(£241-241½)
Morning fixing	$409.65	(£241.183)	$414.25	(£243.247)
Afternoon fixing	$410.50	(£240.069)	$413.75	(£242.982)

Gold Coins Sept. 28					
Krugrnd	$419-420	(£247¼-248)	King Sov	$95¾-96	(£57-57¾)
½ Krug	$218-219	(£128¾-129¼)	Victoria Sov	$95½-96	(£57-57¼)
¼ Krug	$111-112	(£65¼-66¼)	French 20s	$84-85¼	(£49¾-51¼)
1/10 Krug	$45¼-46¼	(£26¾-27¼)	50 pesos Mex	$494-497	(£291¾-293¼)
Mapleleaf	$424-425	(£250¼-251¼)	100 Cor. Aust	$396-401	(£234-236¼)
New Sov	$97-98	(£57¼-57¾)	$20 Eagles	$460-465	(£271¾-274¼)
½ New Sov	$57-59	(£33¾-34¾)			

CLASSIFIED ADVERTISEMENT RATES

BRITISH COMMODITY MARKETS

BASE METALS

HECTIC ACTIVITY IN ALUMINIUM featured trading on the London Metal Exchange: initially easier around £557 three months aluminium surged ahead to close at £575 on the late kerb, with substantial tonnages traded, as extremely heavy buying from two quarters was only partly met by heavy trade selling above the £570 level. Other metals were quiet. COPPER eased to £825 prior to closing at £827.5, reflecting the gains made on Comex, while support from the buffer stock left forward standard TIN at £7,217.5. Hedge selling depressed LEAD to £305.5 while ZINC closed at £442.75.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
HighGrde	£	£	£	£
Cash	809-.5	+3	807.5-8.5	−3.5
3 months	828-9	+3	827.5-8	−2
Settlem't	809.5	+3	—	—
Cathodes				
Cash	783-4	+2	779-81	−6.5
3 months	805-6	+2.25	802-4	−4.5
Settlem't	784	+2	—	—
U.S. Prod.	—		*70-75	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £810.00, 09.50, 09.00, three months £829.00, 28.50, 29.00, 28.50, 30.00, 29.50, 29.00, 28.50. Cathodes: Cash £784.00. Kerb: Higher Grade, three months £827.00, 27.50, 28.00. Afternoon: Higher Grade: Three months £830.00, 29.00, 28.00, 27.50, 27.00, 27.50. Kerb: Higher Grade, three months £826.50, 26.00, 26.50, 27.00, 27.50. Turnover: 49,275 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7250-60	+7.5	7245-50	—
3 months	7205-10	+11	7200-5	+2
Settlem't	7260	+10	—	—
Standard				
Cash	7245-50	—	7245-50	—
3 months	7205-10	+11	7200-5	+2
Settlem't	7250	—	—	—
Straits E.	$29.19	—	—	—
NewYork	—			

Tin—Morning: Standard, cash £7,250, three months £7,200, 7,205, 05. High Grade: Cash £7,250. Kerb: Standard, three months £7,205. Afternoon: Standard, three months £7,205, 7,200. Kerb: Standard, three months 7,205, 10. Turnover: 2,250 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	295-.4	−1.87	295-.5	−2.25
3 months	306-.5	−1.5	306.25-.5	−3.12
Settlem't	296	−1.5	—	—
U.S. Spot	—		*28-9	

Lead—Morning: Three months £307.50, 08.00, 08.50, 08.00, 07.00, 06.00, 05.50. Kerb: Three months £306.00. Afternoon: Three months £306.50, 06.00, 06.50. Kerb: Three months £306.00, 06.50, 07.00, 06.00. Turnover: 11,025 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	436.5-7.5	+1.25	435-7	−.5
3 months	444-.5	+1	443-.5	−1
Settlem't	437.5	+1.5	—	—
Primw'ts	—		37-40.5	

Zinc—Morning: Three months £445.00, 44.00, 44.50. Kerb: Three months £443.50. Afternoon: Three months £442.50, 43.00, 43.50, 43.00. Kerb: Three months £443.50, 43.00. Turnover: 8,050 tonnes.

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	553-4	+11.5	552-3	+10.7
3 months	569-70	+12	569.5-70	+11

Aluminium—Morning: Cash £553.00, three months £564.00, 65.00, 66.00, 67.00, 67.50, 67.00, 68.00, 68.50, 69.00, 70.00. Kerb: Three months £569.00, 68.00, 68.50. Afternoon: Three months £569.00, 69.50, 70.00, 72.00, 73.00, 72.00, 71.00, 70.00, 69.50, 69.00, 69.50, 70.00, 70.50. Kerb: Three months £569.00, 69.50, 70.00, 71.00, 72.00, 73.00, 72.00, 71.00, 72.00, 73.00, 74.00, 74.50, 75.00, 75.50, 73.00, 74.50. Turnover: 40,025 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2415-20	−12.5	2430-5	+12.5
3 months	2437-40	−15	2463-50	—

Nickel—Morning: Cash £2,415, three months £2,440, 45. Kerb: Three months £2,440. Afternoon: Cash £2,430, three months £2,440, 50, 45. Kerb: Three months £2,445. Turnover: 630 tonnes.

SILVER

Silver was fixed 11.7p an ounce lower for spot delivery in the London bullion market yesterday at 487.3p. U.S. cent equivalents of the fixing levels were: spot 826.25c, down 22.25c; three-month 843.35c, down 22.2c; six-month 876.2c, down 20.8c; and 12-month 927.50c, down 21.1c. The metal opened at 492-495p (827-832c) and closed at 492-495p (834-839c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	487.30p	−11.7	493.25p	−8.75
3 months	499.60p	−11.6	504.75p	−8.5
6 months	512.10p	−11.3	—	—
12 months	536.60p	−11.4	—	—

LME—Turnover 127 (105) lots of 10,000 ozs. Morning: Three months 500.5, 500.0, 499.5. Kerb: Three months 500.5, 501.0. Afternoon: Three months 505.0, 06.0, 05.0. Kerb: Three months 506.0, 06.0, 06.5, 06.0.

COCOA

Futures continued to trade in thin conditions as all parties waited for an outcome to the current ICCO talks. Actuals business was similarly quiet, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	969-71	+7.0	971-58
Dec	994-95	+4.0	996-82
March	1026-27	+5.0	1028-14
May	1044-46	+3.5	1046-35
July	1063-65	+4.0	1065-54
Sept	1080-85	+5.0	1078-73
Dec	1100-05	+6.5	1096-91

Sales: 1,717 (2,031) lots of 10 tonnes.

ICCO—Daily price for Sept 28: 75.57 (75.93). Indicator price for Sept 29: 75.72 (75.76).

COFFEE

Another active session saw values retreat on mixed dealer pressure, reports Drexel Burnham Lambert. Prices recovered some ground after New York opened but dealing was erratic.

COFFEE	Yesterday's Close	+ or −	Business Done
Sept	1600-05	+7.5	1625-75
Nov	1445-46	+10.0	1464-35
January	1340-42	+10.5	1358-16
March	1330-31	+3.5	1355-25
May	1240-44	+5.0	1176-38
July	1167-87	+5.0	1120-20
Sept	1097-98	+15.0	1107-97

Sales: 4,104 (6,942) lots of 5 tonnes.

ICO Indicator prices for Sept 27 (U.S. cents per pound): Comp. daily 1979 127.70 (124.45); 15-day average 122.52 (122.01).

GRAINS

Shipper buying and general short-covering caused by potential export interest firmed wheat while barley also made gain, Acli reports.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or −	Yest'rd'ys close	+ or −
Nov	113.10	+0.35	108.25	+0.25
Jan	115.80	+0.35	111.95	+0.20
Mar	119.75	+0.35	115.05	+0.15
May	122.75	+0.30	117.90	+0.15
July	125.70	+0.15	—	—

Business done—Wheat: Nov 113.10-112.35, Jan 116.60-116.10, March 119.75-119.25, May 122.80-122.30, July 125.55-125.50. Sales: 518 lots of 100 tonnes. Barley: Nov 108.35-108.15, Jan 112.00-111.90, March 115.05-115.00, May 117.90 only.

HGCA—Locational ex-farm spot prices. Feed barley: S East 102.80, W Mids 100.70, N West 100.00. The UK monetary coefficient for the week beginning Monday October 4 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent 112.75, Nov 115.50, Dec 118.50 transhipment East Coast sellers. English Feed fob Dec 119 East Coast seller. Maize: French Oct 132 transhipment East Coast seller. Barley: English Feed fob Nov-Dec 109.50 paid East and South Coast. Rest unquoted.

POTATOES

Prices eased back to near unchanged towards the close. After registering gains in increased volume, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
Nov	57.00	56.70	57.20-56.50
Feb	64.90	65.00	65.20-64.80
April	75.50	75.40	76.20-75.40
May	85.80	85.50	86.10-85.40
Nov	67.00	67.00	—

Turnover: 300 (213) lots of 40 tonnes.

RUBBER

The London physical market opened slightly steadier, attracted little interest throughout the day and closed quiet. Lewis and Peat recorded an October fob price for No. 1 RSS in Kuala Lumpur of 201.0 (199.25) cents a kg and SMR 20 171.5 (170.5).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
Nov	49.50-49.60	49.30-49.40	49.60
Dec	50.50-50.60	50.30-50.40	50.60
Jan-Mar	52.50-52.60	52.30-52.40	52.70-52.40
Apl-Jne	55.40-55.50	55.30-55.40	55.70-55.40
Jly-Sept	58.20-58.30	57.80-58.00	58.30-58.10
Oct-Dec	60.60-60.80	60.40-60.60	60.90-60.60
JanMch	62.90-63.20	62.80-63.00	63.30-63.10
Apl-Jne	65.80-65.90	65.50-65.50	65.80
Jly-Sept	67.90-68.60	67.30-68.20	—

Sales: 162 (81) lots of 15 tonnes, 6 (18) lots of 5 tonnes.

Physical closing price (buyers) were: Spot 48.50p (same), Nov 51.50p (same), Dec 52.00p (same).

SOYABEAN MEAL

The market opened slightly higher on weaker sterling, reports T. G. Roddick. Prices failed to find additional support and eased on weaker cash markets.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
October	114.00-15.5	−0.50	116.00
Dec	118.20-19.2	−0.10	119.40-19.00
Feb	122.00-22.1	−0.30	122.50-22.60
April	125.80-25.5	−0.15	—
June	125.80-24.2	−0.15	—
August	124.90-26.8	−0.05	—
October	126.50-27.5	−0.25	127.00

Sales: 225 (107) lots of 100 tonnes.

SOYABEAN OIL—Prices opened unchanged and stayed in a narrow range with light trade buying evident. Closing prices (U.S. $ per tonne): Oct 432.00, 440.00, untraded; Dec 437.00, 444.00, untraded; Feb 444.00, 445.00, 445.00-444.00; April 452.00, 454.00, untraded; June 457.00, 472.00, untraded; Aug 462.00, 480.00, untraded; Oct 465.00, 490.00, untraded. Sales: 35 (67) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £81.00 (£88.00) a tonne cif Sept-Oct-Nov shipment. White sugar daily price £109.00 (£111.00).

The market opened unchanged but quickly gained ground before sellers became more aggressive. The continued liquidation of the New York No. 11 prompt October position produced a weaker sentiment during the late afternoon, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Oct	89.20-89.40	90.85-90.90	91.00-88.50
Jan	96.75-98.00	94.00-10.00	98.00
March	107.75-07.85	107.00-07.10	108.90-06.60
May	111.65-11.80	110.65-10.75	112.70-10.50
Aug	115.50-15.80	115.00-15.10	116.75-15.00
Oct	121.00-21.65	120.00-20.25	122.00-20.25
Dec	125.50-26.50	124.25-24.50	—

Sales: 3,526 (4,412) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £187.50 (£192.00) for export.

International Sugar Agreement (U.S. cents per tonne) fob and stowed Caribbean ports. Prices for Sept 27: Daily price 5.52 (5.83); 15-day average 5.74 (5.77).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 348 buyer, 351-350; Dec 380, 374, 388; Jan 374, 377, 376; Mar 384, 390, 385; May 398, 408, 402-400; Aug 414, 419, 412-411; Oct 419, 424, 417; Dec 423, 429, 422-421; Jan 423, 430, nil; Mar 428, 435, nil. Sales: 58.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 528.5, 529.0, 529.0-528.0; Dec 531.0, 533.0, 531.5-531.0; March 548.0, 549.0, 549.0-548.0; May 551.0, 553.0, 551.5-551.0; July 556.5, 558.0, 558.0; Oct 548.0, 548.0, untraded; Dec 550.0, 557.0, untraded; March 554.0, 562.0, untraded. Sales: 50.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 162 tonnes. Further moderate dealings were recorded, without the volume of inquiry reaching more than mixed proportions. Many of the transactions were in North and South American styles, with fair support in African growths.

HIDES—Birmingham: the weaker tendency continued. Second clears: Ox 31-35.5 kg 52.6p a kg (53.6p). 26-30.5 kg 58.0p a kg (59.0p withdrawn). 22-25.5 kg 65.2p a kg (66.1p); Light cows: 25.5 kg 59.1p withdrawn (61.1p withdrawn).

PRICE CHANGES

	Sept. 28 1982	+ or −	Month ago
Metals			
Aluminium	£810.815		£810/815
Free Mkt	$930/960		$960/980
Copper			
Cash h grade	£808	−3.5	£832.5
3 mths	£827.75	−2	£843.2
Cash Cathode	£780	−6.5	£798
3 mths	£803	−4.5	£819
Gold troy oz	$412.5		$413.5T
Lead Cash	£295.25	−2.25	£301.5
3 mths	£306.375	−3.125	£311.75
Nickel	£4021.5		£4023
Free mkt	190/220c		215/245c
Platin'm tr'y oz	£260		£250
Free mkt	£185.30		£187.15
Quicksilver†	$364/374		$355/365
Silver troy oz	487.30p	−11.7	450.20p
3 mths	499.60p	−11.6	461.50p
Tin Cash	£7247.5		£7565
3 mths	£7202.5	+2	£7435
Tungsten	$109.93		$111.43
Wolfrm 22.04 lb	$98-102		$101/105
Zinc Cash	£436	−0.5	£421
3 mths	£443.25	−1	£423.5
Producers	$800/850		$800
Oils			
Coconut (Phil)	$425w	−2.5	$415
Groundnut	$500w		$570
Linseed Crude	£380		‡
Palm Malayan	‡		$407.5
Seeds			
Copra Phillp	$285u		$280
Soyabean (U.S.)	$227		$236
Grains			
Barley Fut. Jan	£111.95	+0.2	£109.05
Maize	£132.00t		£136.00
Wheat Fut. Jan	£116.80	+0.9	£114.00
No.2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1005	+4	£977
Future Dec	£994.5	+4	£936
Coffee Ft' Nov	£1445.5	−20	£1,224.5
Cotton A.Index	71.80c	−0.1	74.75c
Gas Oil Oct	$311	+2	$297
Rubber (kilo)	48.5p		50.5p
Sugar (Raw)	£84uv	−4	£90
Woolt'ps 64s kl.	370p kilo		375pkilo

‡ Unquoted. u Sept-Oct, t Oct, v Nov, w Oct-Nov. † Per 76-lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

Sept. 27	Sept. 24	M'th ago	Y'ar ago
231.63	231.24	—	257.83

(Base: July 1 1952 = 100)

REUTERS

Sept. 28	Sept. 27	M'th ago	Y'ar ago
1512.7	1517.0	1525.9	1676.7

(Base: September 18 1931 = 100)

MOODY'S

Sept. 27	Sept. 24	M'th ago	Y'ar ago
988.7	998.8	1001.1	1005.3

(December 31 1931 = 100)

DOW JONES

Dow Jones	Sept. 27	Sept. 24	Month ago	Year ago
Spot	124.26	126.21	125.74	—
Futr's	131.00	131.86	128.71	—

(Base: December 31 1974 = 100)

AMERICAN MARKETS

NEW YORK, Sept. 28.

THE PRECIOUS METALS and copper were firm as short covering and light buying developed in response to indications of lower interest rates. Cocoa was firmer on expectations of a lower West African crop. Coffee came under pressure from heavy speculative liquidation. Sugar was mixed with speculative short covering providing support to the back months. Cotton closed higher on sympathetic buying in line with precious metals. Heating oil continued to attract technical buying. The grain and soyabean complex came under pressure late in the session on a lack of confirmation of Russian purchases, reported Heinold.

ETAmeald— — — — 2

Copper—Oct 60.10 (59.95), Nov 60.80 (60.65), Dec 61.40-61.60, Jan 62.10, March 63.25-63.30, May 64.70, July 65.65, Sept 66.80, Dec 68.60, Jan 69.20, March 70.35, May 71.50, July 72.65.

*Gold—Oct 412.0-415.5 (404.7), Nov 416.9 (408.3), Dec 420.0-421.0, Feb 427.0-428.5, April 434.0, June 444.5, Aug 451.4, Oct 459.5, Dec 468.8, Feb 476.1, April 487.7, June 497.5.

Potatoes (round whites)—Nov 63.1-63.5 (62.7), Feb 61.8 (62.0); March 71.0-71.5, April 83.4-83.6. Sales: 69.

Sugar—No. 11: Oct 5.70-5.76 (5.86), Jan 6.60-6.70 (6.56), March 7.26-7.29, May 7.61-7.62, July 7.89, Sept 8.18, Oct 8.36-8.37. Sales: 8,092.

Tin—564.00-565.00 (566.00-568.00).

CHICAGO, September 28.

Lard—Chicago loose 21.00.

Live Cattle—Oct 58.60-58.75 (59.82), Dec 60.55-60.65 (61.72), Feb 59.50-59.40, April 59.52-59.50, June 60.45, Aug 58.75.

Live Hogs—Oct 61.90-62.00 (62.15), Dec 62.35-62.40 (62.37), Feb 60.10-60.20, April 56.52-56.47, June 56.55-56.70, July 56.35, Aug 52.90.

‡‡Maize—Dec 224½-224¼ (226½), March 240¾-240¾ (242¾), May 251¼-251⅛, July 258¼-259, Sept 263½-263¾, Dec 270¾-271.

Pork Bellies—Feb 87.40-87.75 (88.17), March 85.30-85.70 (85.97), May 83.97-83.70, July 81.00-81.60, Aug 78.90.

‖Soyabean Meal Oct 153.5-153.3 (154.2), Dec 157.9-158.0 (158.6), Jan 160.2-160.0, March 163.2, May 166.5, July 169.5-170.0, Aug 169.5-170.0, Sept 170.5-171.0, Oct 170.0-170.5.

Soyabean Oil — Oct 169.3-169.2 (170.8), Dec 173.3-173.5 (174.9), Jan 175.7, March 179.3, May 183.0-183.1, July 187.0, Aug 187.0-187.2, Sept 188.0-189.0, Oct 191.3.

†Soyabeans—Nov 537½-537 (541), Jan 551½-552 (555), March 565¾-566, May 577-577½, July 585½, Aug 586, Sept 586, Nov 592.

†Wheat—Dec 328-328½ (334½), March 348½-349 (355½), May 358, July 359-359½, Sept 369.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, September 27

††Cocoa—Dec 1512 (1533), March 1590 (1609), May 1633, July 1680, Sept 1720, Dec 1770. Sales: 2,600.

Coffee—"C" Contract: Dec 143.75-144.00 (138.95), March 136.60-136.75 (132.75), May 129.75-130.00, July 128.00-128.25, Sept 122.00, Dec 119.25-120.50. Sales: 3,150.

Cotton—Oct 62.55 (62.80), Dec 64.74 (64.91), March 66.55, May 68.02, July 69.40, Oct 70.30, Dec 70.70. Sales: 2,300.

Heating Oil—(cents per U.S. gallon): Oct 99.60 (99.61), Nov 100.80 (100.68), *Dec 101.35-101.56, Jan 101.25-101.30*, Feb 101.25, March 100.00, April 97.50, May 95.50-95.95.

Orange Juice — Nov 125.80-126.00 (126.10), Jan 128.60-128.65 (128.90), March 127.90-128.00, May 129.15-129.50, July 130.40-130.60, Sept 131.40-131.50, Nov 130.40-130.90, Jan 130.10-130.90.

**Platinum—Sept 295.0-299.0 (297.2)*, Oct 297.0 (297.2), Jan 304.5-306.0, April 313.5, July 325.0, Oct 334.5.

CHICAGO, September 27.

Chicago Imm Gold—Dec 411.5-410.0 (423.9), March 419.0 (435.2), June 432.9, Sept 445.0, Dec 457.8.

Live Cattle—Oct 59.85-59.80 (60.40), Dec 61.67-61.75 (61.97), Feb 60.40-60.35, April 60.40-60.35, June 61.35-61.32, Aug 60.10-59.90.

EUROPEAN MARKETS

PARIS, Sept 28.

Cocoa—(FFr per 100 kilos): Sept 1210 asked, Dec 1200-1220, Mar 1250-1265, May 1290-1315, July 1315-1325, Sept 1355-1370, Dec 1390-1405.

Sugar—(FFr per tonne): Nov 1326-1335, Dec 1328-1335, Mar 1435-1440, May 1485-1490, July 1515-1525, Aug 1550-1580, Oct 1620 bid, Nov 1615-1635.

ROTTERDAM, September 28.

Wheat — (U.S. $ per tonne). U.S. No. 2 Red Winter: Oct 138. U.S. No. 3 Amber Durum: Sept 166, Nov 171, Dec 175. U.S. No. 2 Northern Spring, 14 per cent: Oct 173, Nov 175, Dec 178.

Maize—(U.S. $ per tonne), U.S. No. 3 Yellow: Afloat 116.50, Sept 112, Oct *108, Nov 105.50, Dec 108.50, Jan/March* 114, April/June 117 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Sept 221.25, Oct 214.20, Nov 214.20, Dec 218.75, Jan 223.75, Feb 228, March 230.25, April 233, May 235.25 sellers.

Soyameal — (U.S. $ per tonne), 44 per cent: Sept 198, Jan 196 traded. Afloat 198, Sept 196, Oct 191.50, Nov 192.50, Dec 194, Jan 196, Jan/March 200.50, April/Sept 204 sellers. Pellets Brazil: Afloat 197.50 traded. Afloat 199, Oct 202, Nov 207, Oct/Dec 206, Jan/March 212 sellers.

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 79.0 to 84.5; Ulster hindquarters 98.7 to 101.7, forequarters 58.0 to 60.0. Veal: Dutch hinds and ends 132.0 to 135.0. Lamb: English small 58.5 to 62.0, medium 56.0 to 59.0, heavy 52.0 to 54.0; Scotch medium 54.0 to 58.0, heavy 50.0 to 54.0; Imported—New Zealand PL 56.3 to 57.7, PM 56.0 to 57.5, PX 54.0 to 55.0, YLs 55.5 to 56.5. Pork: English, under 100 lb 36.0 to 52.5, 100-120 lb 42.0 to 51.5, 120-160 lb 40.0 to 48.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 96.04p per kg lw (−0.60). GB—Sheep 127.73p per kg est dcw (+6.69). GB—Pigs 69.13p per kg lw (+0.68).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£8.00, codlings £4.00-£5.00; large haddock £3.60-£4.20, medium £2.70-£3.50, small £1.70-£2.00; medium plaice £5.50-£6.50, best small £4.00-£4.70; skinned dogfish (large) £12.00, (medium) £8.00; lemon soles (large) £13.00, (medium) £11.00; rockfish £2.00-£2.80; reds £1.90-£2.00; saithe £2.30-£3.50.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. *Imported Produce:* Oranges—Outspan: Navels/Lates 40 5.20, 48 5.70, 56 6.00, 72 6.20, 88 6.00, 112 5.40, 138 5.90, 150 5.38; Brazilian: 5.00-5.50. Mandarines—Brazilian: 4.50-4.80. Tambors—Outspan: 42/89 4.25-5.00. Lemons—Spania: Tray 5-kg 25/60 1.60-2.00; Outspan: 15½-kg 60/195 3.00-4.60. Grapefruit—Outspan: 27 4.80, 32 6.05, 36 6.20, 40 6.10, 48 5.80, 56 5.60, 64 6.15, 72 4.35—Ruby same as White; Cuban: White 5.00, Ruby 5.50-6.00; Honduras: White 5.50-6.00; U.S.: Ruby 40s 9.00. Apples—U.S.: 18-kg *Red Delicious 10.00-13.00*; French: Golden Delicious 18-kg 3.50-4.50, 9-kg 1.80-2.30, Granny Smith 18-kg 5.00-5.50, 9-kg 2.60-2.80. Pears

English Produce: Potatoes—Per pound 0.03-0.04½. Mushrooms—Per pound open 0.50-0.60, closed 0.80-0.90. Lettuce—Per 12, round 1.00-1.40, Webb's 1.00-2.00, Cos 1.40-2.00. Spring Onions—Per bunch 0.05-0.06. Pickling Onions—Per 56-lb 2.50. Leeks—Per 11-lb 1.60-2.00. Primo Cabbage—Per 25-lb 1.20-1.40. Cabbage—Per 28/30-lb White/Red 2.00. Spinach—Per 10-lb 1.00-1.20. Sprouts—Per 20-lb 1.50-2.50. Fennel—Per 5-lb 1.50. Carrots—Per 25/28-lb 0.80-1.20, per bunch 0.05-0.10. Courgettes—Per 12-lb 2.40-3.00. Cucumbers—Per package 2.00-3.20. Tomatoes—Per 12-lb box D/E 1.40-1.60. Cauliflowers—Per 12 Lincoln 1.50-2.50. Celery—Per 18/36 Winter crop 3.00-3.20. Stick Beans—Per pound 0.10-0.12. Pumpkins—Per pound 0.05. Marrows—Per box 1.60-[illegible]. Turnips—Per 28-lb 1.50-2.00. [illegible]—Per 28-lb 0.80-1.00. Parsnips [illegible]-lb 1.40-1.80. Apples—Per pound, [illegible] 0.07-0.10, Pearmain 0.06-0.10, Cox's 0.14-0.17, Russets 0.12-0.15, Laxtons 0.10-0.14, Charles Ross 0.09-0.12. Pears—Per pound, Conference 0.08-0.12. Strawberries—Per 8-oz 0.40-0.60. Raspberries—Per 4-oz 0.30-0.70. Plums—Per pound Marjorie's Seedling 0.12-0.15, Laxton Cropper 0.12-0.15, Wyedales 0.10-0.15. Corn Cobs—Each 0.10-0.12. Cobnuts—Per pound 0.45. [illegible] 10. Brussels

withdrawn).

CONTRACT PACKAGING

One of Britain's unsung industries

By Maurice Samuelson

THE FOOD, drink and pharmaceuticals industries pride themselves on the careful way their products are not only produced but packaged. However, they prefer to draw a veil over the fact that a small but significant proportion of their products is packaged outside their own factories by independent contractors.

These contractors, acting almost like a secret industry, carry out the most complex packaging operations, yet, in deference to their clients rarely promote themselves outside the pages of the trade press or in trade exhibitions. "We are creatures of convenience for our clients," says one of these self-effacing entrepreneurs. Yet, according to another, they handle more than 10 per cent of processed foods with a shelf life of more than a month as well as an unknown proportion of pills, dressings and other medicaments.

Lancepack's managing director, Mr Jeffrey Sanger with new machinery at the Lancing plant

As they do not have their own trade association, it is hard to assess how many genuine contract packagers there are in Britain. One estimate puts it at roughly 200, ranging from small, "hole in the wall" businesses, operating one or two plastic stretch wrappers, to companies offering what they describe as a "total service" and matching the packaging lines of large manufacturing companies.

This is in addition to the packaging carried out under contract by food and drinks producers with spare capacity on their own filling lines.

Largest

Britain's largest contract packer, in terms of the size of its workforce, is Remploy, which is staffed mainly by disabled people at six of its factories throughout the country. However, although Remploy has automated machinery, much of its work is done by hand.

Only four or five UK contractors are thought to have turnovers in excess of £2m or a stable workforce ranging from 100 to 300. Their low public profile, however, is in inverse proportion to that of their clients, which include multinational companies and retail chains for which they pack "own brand" commodities.

Three leading contractors are Lancepack, of Lancing on the West Sussex coast; Stockpack of Stockport; and Klöckner-Pentapack (UK), a West German-owned concern based at Reading. A very abbreviated list of their food clients includes Batchelors Foods, Beechams, Brooke Bond Oxo, Kelloggs, Lyons, Corn Products Corp. (CPC) of the U.S., Cadbury Schweppes, General Foods, Heinz and Spillers.

Among the many pharmaceutical groups which turn to contractors are Boots, Burroughs-Wellcome, Beechams, Sterling Winthrop, Eli-Lilly and Thomson Medical of the U.S. Stockpack, claiming to be Europe's biggest sachet packers, makes sachets of moisturised face tissues for airline passengers.

Another contractor, Wasdell Packaging of Stonehouse, Glos, packs health foods, pharmaceuticals and cosmetics. Its clientele includes Burroughs-Wellcome, Cyanamid, Eli-Lilly, ICI Pharmaceuticals, London Rubber and Rank Xerox.

There are several reasons why the food giants, despite their own huge packaging capacity, turn to small contractors. Mr Richard Lawson, Lancepack's sales and marketing director, lists six.

● To launch new products. Before putting in large and costly filling lines for such products it makes sense for big manufacturers to ask contractors to pack goods for limited market trials.

● To produce a new packaging concept. Lancepack claims the credit for having pioneered in the UK the small plastic-packed individual portions of jam familiar to users of motorway service stations. The thermoformed plastic pots had already taken off in the U.S. and Lancepack filled them here on behalf of Cadbury Schweppes. As with the launch of a new product,

The growth of flexible packaging and fast new machinery

this requires a high degree of commercial secrecy — yet another explanation for packing contractors' ingrained reticence.

● Own label packing for supermarket groups or other organisations — Lancepack produces own-name items for Key Markets and British Airways.

● Packing seasonal goods for which the producer cannot afford to maintain a year-round packing operation, for example, spasmodic winter sales of anti-freeze for motor-cars.

● Sampling operations. Lancepack is currently producing thermoform sealed pots of Marmite being distributed in the part of North West England covered by Granada commercial television.

● Emergency aid to a client whose own filling line has broken down.

The fact that leading contractors can provide such services is due to the changes in their industry in the past two or three decades. At one time contract packers used to provide a large amount of relatively poorly paid labour for fairly basic operations. But companies like Lancepack now see themselves as suppliers of high-speed automated equipment time. They maintain a wide range of machines and the skills to make the swiftest and most effective use of them.

At Lancing Lancepack operates in two adjacent factories with a total workforce of 140 on three shifts. It receives big bulk consignments of jam, sauces and dried foods and dispatches them, along with pharmaceuticals and toiletries, in seven 40-ft trailers a week.

One Lancepack plant packs household goods in decorated cartons. The other, which handles food and pharmaceuticals, is equipped to mix and fill dry powdered and liquid foods into sachets, bottles, jars, block bottom bags and lined cartons. They can be filled in runs ranging from 100,000 to 24m.

WHAT THE CONTRACTORS OFFER

The May issue of Packaging Review listed 94 UK contractors. This table shows how many of them offer particular services.

Services	No. of companies
Aerosol filling	14
Bagging	42
Blister/skin	40
Cartoning	53
Filling	47
Form, fill and seal	32
Hand packing	61
Labelling	54
Printing	28
Shrink wrap	64
Stretch wrap	32
Wrapping	40

(In addition, 31 companies claim to specialise in export contracts and 27 in Government contracts.)

Like its leading rivals, Lancepack is privately owned. It was founded in 1948 by Mr John Sanger, whose family has been associated with chemists' shops since the 18th century. Mr Sanger is still its chairman, with another member of the family, Mr Jeffrey Sanger, as managing director.

Stockpack was bought from Beechams 14 years ago by the Manchester family business of L. Marks. Employing 160 people on two shifts, its 60,000 sq ft factory was purpose-built after the company suffered a serious fire three years ago. Specialising mainly in dry food filling, Stockpack says it is "very busy," and according to Mr Victor Marks, managing director, has never failed to make a profit.

Klöckner-Pentapack belongs to a European group controlled by Klöckner Werke of West Germany. It has three packing factories in Britain, run from Reading and one each in West Germany and Luxembourg.

Pentapack packages pharmaceuticals at Reading; household goods and toiletries at New Tredegar, Gwent; and food at its newly opened plant at Basingstoke. Pharmaceuticals account for 40 per cent of sales; with food and toiletries contributing 30 per cent each.

Mr David Eteson, managing director, says turnover exceeds £2m a year with pre-tax profits of more than £200,000. The business is currently on a plateau after seven years' growth. Mr Eteson disagrees, however, with the suggestion of Lancepack and Stockpack that contract packaging benefits from the recession.

Pentapack, like its competitors, acts as a vehicle for launching new products with familiar brand names. For the past 18 months it has been packing a food for Heinz called "Soupermug." Described by Mr Eteson as the first of the non-powder instant soups, it is distributed in the Midlands in a thermoformed tub with a foil lid.

While proud of his association with such new ventures Mr Eteson does not regard the contractors as innovators in their own right—"it's our customers who do that and we are just the interpreters," he says.

Lancepack's Mr Richard Lawson, on the other hand, believes in encouraging new sales ideas. He is currently trying to persuade manufacturers to put sun tan oil into sachets. He is also exploring the idea of combining food from different suppliers in single packs, "cross branding," he calls it.

In common

Despite this difference the contract packers have more in common than divides them. They have all grown up because of the major changes in packaging since World War II, especially the growth of flexible packaging and fast new machinery.

Looking ahead, Stockpack's Victor Marks would like British companies to follow the trail blazed in the U.S. where several contractors employ up to 1,000 people on three shifts. The scale of their operations, he says, is due partly to the existance of large U.S. commercial companies which concentrate on marketing and developing new products and put out their production and packaging to contractors.

Until that practice is widespread in Britain, however, the contract packaging industry will remain in the obscurity that befits "creatures of convenience."

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at August 18 1982 (Table 5, Bank of England Quarterly Bulletin)*.

£m			TOTAL TO UK RESIDENTS: Total	of which: In sterling	of which: In foreign currencies	FINANCIAL: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1982	May 19	39,542	38,169	1,373	2,477	2,259	181	1,291	1,005
		August 18	42,120	40,782	1,338	2,594	2,361	168	1,342	1,084
Scottish clearing banks	1982	May 19	5,080	4,685	315	339	295	21	146	173
		August 18	5,234	4,862	372	353	275	26	157	170
Northern Ireland banks	1982	May 19	917	917	—	41	41	2	35	5
		August 18	936	935	—	45	45	2	40	4
All banks	1982	May 19	93,268	76,608	16,660	15,180	8,736	1,854	3,243	10,084
		August 18	98,549	80,462	18,088	16,618	9,347	1,929	3,307	11,382
of which in sterling	1982	May 19	76,608			8,736		1,776	2,959	4,001
		August 18	80,462			9,347		1,841	3,020	4,486
Changes: in sterling	1982	Feb/May	+5,326			+723		+262	+225	+236
		May/Aug	+3,854			+611		+ 65	+ 61	+485
in foreign currencies adjusted for exchange rate effects	1982	Feb/May	+ 29			+ 72		+ 43	+ 3	+ 25
		May/Aug	+861			+605		+ 8	− 6	+604
Advances only All banks	1982	May 19	84,695	68,271	16,424	13,503	7,069	1,162	3,223	9,118
		August 18	89,723	71,952	17,771	14,879	7,640	1,279	3,304	10,297

			MANUFACTURING: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1982	May 19	9,439	8,901	1,374	899	567	817	2,080	479	553	743	1,927
		August 18	9,999	9,424	1,258	948	544	946	2,298	509	626	838	2,030
Scottish clearing banks	1982	May 19	930	870	196	78	53	57	149	134	26	70	168
		August 18	1,021	941	190	125	65	51	158	142	32	93	166
Northern Ireland banks‡	1982	May 19	139	139	33				48			22	37
		August 18	143	142	40				42			24	36
All banks	1982	May 19	21,936	18,054	3,718	3,462	1,267	1,740	3,771	768	1,531	1,364	4,314
		August 18	22,731	18,586	3,347	3,619	1,288	1,947	4,019	826	1,662	1,423	4,600
of which in sterling	1982	May 19	18,054		3,172	2,470	1,042	1,479	1,176	727	1,312	1,217	3,458
		August 18	18,586		2,744	2,599	1,046	1,659	3,383	783	1,405	1,287	3,680
Changes: in sterling	1982	Feb/May	+676		+265	−196	+111	+ 21	+123	+ 58	+161	+ 35	+ 97
		May/Aug	+532		−428	+129	+ 4	+180	+207	+ 56	+ 93	+ 70	+222
in foreign currencies adjusted for exchange rate effects	1982	Feb/May	+105		+ 42	− 29	+ 30	+ 32	− 27	− 3	+ 41	+ 15	+ 4
		May/Aug	+130		+ 38	− 6	+ 10	+ 18	+ 20	—	+ 30	− 15	+ 35
Advances only All banks	1982	May 19	17,636	13,867	2,789	2,517	960	1,383	3,409	759	978	1,217	3,625
		August 18	18,335	14,393	2,596	2,536	1,031	1,532	3,575	808	1,129	1,276	3,850

			OTHER PRODUCTION: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	PERSONS: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1982	May 19	5,290	5,142	2,962	367	1,961	11,009	11,002	4,753	6,257
		August 18	5,609	5,521	3,201	344	2,063	12,476	12,469	5,780	6,697
Scottish clearing banks	1982	May 19	1,021	930	706	129	186	1,138	1,135	524	614
		August 18	1,070	978	760	130	180	1,277	1,274	618	659
Northern Ireland banks	1982	May 19	243	243	190	5	48	204	204	55	149
		August 18	250	250	197	5	48	211	211	57	154
All banks	1982	May 19	9,591	8,117	4,020	2,366	3,205	17,265	17,202	6,906	10,359
		August 18	9,991	8,511	4,327	2,301	3,363	19,278	19,221	8,283	10,994
of which in sterling	1982	May 19	8,117		3,995	1,192	2,929	17,202		6,900	10,302
		August 18	8,511		4,302	1,173	3,036	19,221		8,279	10,942
Changes: in sterling	1982	Feb/May	+345		+260	+ 26	+ 57	+1,671		+1,051	+620
		May/Aug	+394		+307	− 19	+107	+2,019		+1,379	+640
in foreign currencies adjusted for exchange rate effects	1982	Feb/May	− 28		− 3	−148	+123	+ 12		—	+ 12
		May/Aug	− 43		—	− 84	+ 41	− 8		− 2	− 7
Advances only All banks	1982	May 19	9,139	7,665	3,998	2,003	3,138	17,265	17,202	6,906	10,359
		August 18	9,533	8,054	4,295	1,967	3,271	19,278	19,221	8,283	10,994

			SERVICES: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1982	May 19	11,326	10,865	1,009	229	63	2,468	1,978	5,579
		August 18	11,442	11,007	1,020	85	56	2,532	1,999	5,750
Scottish clearing banks	1982	May 19	1,572	1,455	180	49	127	235	200	782
		August 18	1,514	1,395	184	17	117	240	199	757
Northern Ireland banks‡	1982	May 19	290	290		18	9	103	47	113
		August 18	287	287		15	7	104	43	117
All banks	1982	May 19	29,296	24,500	3,322	1,307	2,802	4,024	6,448	11,393
		August 18	29,931	24,796	3,454	1,151	2,692	4,164	6,796	11,673
of which in sterling	1982	May 19	24,500		1,945	903	2,785	3,968	4,258	10,640
		August 18	24,796		2,026	742	2,682	4,081	4,321	10,945
Changes: in sterling	1982	Feb/May	+1,912		+209	+152	+165	+349	+325	+711
		May/Aug	+296		+ 81	−161	−103	+113	+ 63	+305
in foreign currencies adjusted for exchange rate effects	1982	Feb/May	−131		− 19	− 24	+ 3	− 8	−160	+ 78
		May/Aug	+177		+ 5	− 7	− 8	+ 26	+210	− 50
Advances only All banks	1982	May 19	27,152	22,467	3,207	1,276	2,802	3,659	5,240	10,977
		August 18	27,698	22,644	3,323	1,095	2,692	3,669	5,602	11,317

* The introduction of the new monetary sector in November 1981 has led to changes in the coverage of this table (for fuller explanation see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for February 1982 are therefore not shown. † Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government."

Canadair issues $175m seven-year Eurobond

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE Eurobond market was confronted with more tightly-priced new paper yesterday in the form of a $175m, seven-year 12¼ per cent issue for Canadair, the Canadian air-frame manufacturer.

Led by CIBC, the merchant banking arm of Canadian Imperial Bank of Commerce, the paper was priced at par but immediately moved to a discount of around two points in the unofficial or "grey" market.

The bond is guaranteed by the Canadian Government and has no early call provisions, but these positive aspects were not enough to offset the low coupon, dealers said. Other Canadian guaranteed issues were trading at yields about 1 percentage point higher in the secondary market.

The mandate to manage the Canadair issue is understood to have led to some keen bidding from investment banks. Once again this has produced terms that will depend on a further general improvement in the market for the bonds to be easily placed with investors.

Another new issue yesterday, $100m for the Norwegian utility Norsk Hydro, met with a more positive response. It is the borrower's first issue in the dollar sector for around four years.

The bonds bear a coupon of 12¾ over 10 years with a par issue price and are callable after six years at a price of 102. Lead manager is Hambros Bank which was quoting the issue yesterday at a discount of around 1¼.

In the secondary market seasoned issues closed slightly higher in quiet trading. News of further prime rate cut to 13 per cent from 13½ by Bankers Trust came too late to affect the Eurobond market.

The market continues to judge Monday's $200m, 13 per cent issue for Amro Bank as tightly priced. Yesterday the bonds were trading at a discount of around 2¼ fro mtheir issue price of 99¼.

On the Continent, the World Bank is arranging a DM 100m, eight-year, 8¾ per cent private placement at par through DG Bank. Secondary market prices of D-Mark foreign bonds were unchanged to slightly firmer.

The World Bank's SwFr 100m 10-year bond issue was yesterday awarded a final coupon of 6¾ per cent at 99 by lead managers UBS.

New Zealand is arranging a SwFr 200m private placement with a coupon of 6¼ per cent over five years and par issue price through Swiss Bank Corporation.

Portugal is raising Y5bn through a 10-year private placement with a coupon of 9.1 per cent and issue price of 99.75 Lead manager is Industrial Bank of Japan.

First tranche of new Exxon notes sold

By Our New York Staff

EXXON, the world's largest oil company, yesterday completed the sale of the first tranche of its novel "universal bonds"—notes which are simultaneously offered in the U.S. and overseas.

The company said it had sold $135m of its 11 per cent five-year notes at a price of 98.759 to yield 11.88 per cent to maturity.

The notes are the first offering of a total issue of $300m and were sold under a Dutch auction procedure in which all the notes were awarded to successful bidders at the lowest accepted price.

The company said bids totalling more than $1bn were received from 27 firms

Dutch construction group expects modest profit

BY WALTER ELLIS IN AMSTERDAM

VOLKER STEVIN, the Dutch construction group, has confirmed that it expects to record a modest profit this year following losses of Fl 24m ($8.6m) last year and Fl 208m in 1980.

Sales for 1982 are forecast to fall from last year's figure of Fl 3bn to around Fl 2.8bn. The progress of projects under construction is said to be satisfactory. Orders at the end of June amounted to Fl 2.9bn, compared with Fl 3.1bn at the end of 1981. About 40 per cent of contracts in hand are Dutch.

Volker Stevin says that, in view of market developments, it is expected that the order book to December 31 will be less full than at present, which in turn will lead to somewhat reduced production next year. Organisational adjustments are being planned as a result.

Actions to reduce the amounts of capital invested in Nigeria—in which Volker Stevin, like other Dutch contractors, has been experiencing difficulties—are being "forcefully pursued." However, the results of these actions "have not produced the reduction to a more desirable level."

● Shares in Wereldhave, the Dutch property group which is involved in bid talks with a major Dutch pension fund, rose sharply when trading restarted yesterday. Bourse quotations were Fl 108, compared with the Fl 93.50 at which the shares were suspended last week.

Refinancing plan to avert bond default

By Paul Taylor in New York

SHEARSON-American Express, the U.S. investment banking and brokerage firm, has put forward a daring $2.25bn refinancing proposal designed to avert the possibility of a default on the nation's biggest municipal bond issue.

The crisis has been provoked by the abandonment earlier this year of the construction of two nuclear power plants for the troubled Washington Public Power Supply Service.

Shearson-American has outlined details of the plan to the 88 utilities involved in the construction of the nuclear power plants. They were abandoned as too expensive, leaving $2.25bn in bond debts sold to finance them.

With principal and interest the debt will total about $7bn as the bonds mature over the next 36 years.

The plan calls for the power system to reduce the debt burden by borrowing about $1.5bn from the federal government at about 7 per cent interest and investing funds in securities with a much higher yield, possibly about 11 per cent. The proceeds would be used to pay off the original debt.

To borrow the $1.5bn Washington Public Power would offer $1.5bn in low-interest bonds, which would be bought by the Bonneville Power Administration using finance provided by the Federal Finance Bank, an arm of the treasury which makes funds available to federal agencies.

Under the scheme the American Express company would be a major beneficiary because it owns $90m of the original bonds. The issue is widely held by individuals, banks, insurance companies and other financial institutions.

Washington Public Power has issued $8bn in bonds for its five nuclear power projects and is the largest issuer of public bonds in the U.S.

Shearson has warned that a default by the power system could have serious consequencies. Wall Street analysts have warned of "significant difficulties" in making timely repayments to bond holders unless a refinancing scheme is arranged. The first payment is due next July and would total $94m followed by payments of about £187m a year.

Under the new scheme, which depends for its success upon possibly unlikely Congressional approval, the payments would be substantially reduced.

The utilities have given Shearson American Express one month to complete details of the plan.

Pan Am now expects a loss in third quarter

By Our Financial Staff

PAN AMERICAN WORLD AIRWAYS now expects a third-quarter loss, although it earlier forecast a profit for the period, traditionally the most profitable in the year.

In last year's third quarter Pan Am lost $48.4m from operations, but had a net income of $281.5m, largely from the sale of its Intercontinental Hotels to Grand Metropolitan of the UK.

The company said, however, that the loss for this year's third quarter will be considerably smaller than that in 1981. Pan Am believed it could show an operating profit for the period before tax and interest expense.

Mr C. Edward Acker, who has barely completed his first year with the ailing airline, said yesterday that third quarter results are being adversely affected by the strength of the U.S. dollar and the devaluation of the Mexican peso. He also blamed the world-wide recession and continued restrictions on the number of flights in and out of major airports due to last year's controllers' strike for Pan Am's woes.

In August the group's foreign and domestic traffic was off 6.3 per cent; for the first eight months its traffic was up only 0.3 per cent.

"It will be very difficult for us to show a bottom-line profit for the third quarter," he said, "even though we had an operating and bottom-line profit for July-August." He never has expected a profit for the full year 1982.

In 1981 Pan Am had its worst-ever operating loss—$348.4m—but after a gain from the sale of its hotel subsidiary and a special gain from tax credit sales its loss was cut to $18.8m.

The group reported a hefty second quarter loss of $56.2m in July, against a loss of $112m in the comparable 1981 period. This brought the net deficit for the first half of fiscal 1982 to $183m, compared with $333.7m for the first half of 1981.

Meanwhile, Mr Acker and his associates are negotiating with commercial banks and investment bankers for $200m in new capital.

How Toronto outpaced New York

Canada's natural resources have kept the Toronto Stock Exchange in good health while it awaits the end of the U.S. recession, reports Patrick Bloomfield

ALTHOUGH trading volumes have not broken records as in New York, recent trading history of the Toronto Stock Exchange is an even more dramatic tale of rags to riches.

Toronto traditionally lags behind New York in the latter stages of a down market and the early years of a market recovery. Early in the summer, as Wall Street was still headed gloomily downward, the feeling here was that Toronto would drop even further behind in this cycle than customary. To the surprise of many market followers, the much broader Toronto Stock Exchange Composite Index of 300 stocks not only kept up with the leaders in the New York advance—mainly the 30 stocks which comprise the Dow Jones Industrial Index—but has at times outpaced them.

Early this week, for example, the TSE composite index was at 1635, 22.7 per cent above its 1982 low of 1332, compared with the Dow index gain of 18.4 per cent, from 776.92 to 920.

A lot of factors have come together to pull the Toronto market out of a slough of despond marked by staff layoffs, dwindling profits (only about a quarter of the TSE member firms earned a profit in first-half 1982) and mergers.

All the more recent positive market influences add up to one familiar Canadian standby, natural resources.

Declining interest rates immediately perked up the stocks of Canadian oil producers. Over the longer term, the trend in rates raises hopes of a recovery in the U.S. housing market, which would resuscitate Canada's debt-ridden lumber industry, and of better final demand for base metals, particularly copper for which user inventories are now reported to be low.

Although these are no more than hopes, they are implicit in recoveries of 50 per cent and more by resource-based stocks such as Noranda Mines.

Some hopes could prove premature. "The next 12 months may at best represent the first of several mini-cycles of general metal market recovery," Mr Ian Semple, a senior analyst at R.A. Daly, told the Toronto Society of Financial Analysts. He forecast an average price for copper over the next 12 months of 73 U.S. cents a pound, better than the recent 65 cents but still likely to be regarded as precariously close to break-even point for many Canadian producers.

The most telling and immediate effect of declining interest rates has been to light up the western oils and, to a lesser extent, Canada's integrated oil majors, though the latter have been hit by reduced demand from Canadian motorists.

The outlook for many junior oil companies seeking out and developing reserves in Canada's western provinces had been brightening since April, when the Alberta Government announced a C$5.4bn (US$4.4bn) lifeline to oil producers with operations within its borders.

Since then the federal government has given a little added help through revisions to its national energy programme, a Conservative Government has won power in Saskatchewan and introduced its own incentives, and the recently elected new Democratic Party Government in Manitoba has refrained from any fresh bite from petroleum industry revenues in its provinces.

In addition, there's the near certainty of scheduled wellhead price increases each six months up to July, 1983. And there are high hopes that a National Energy Board decision expected at the end of the year will enable the industry to begin building up its present slack natural gas export business in the U.S.

In this improved climate, the TSE oil producers' index has risen little more than 18 per cent since the end of July, some individual (and less heavily traded) stocks such as Oakwood Petroleums are up 50 per cent and more above their 1982 lows. Omega Hydrocarbons, which has been extremely successful in finding low cost oil in Manitoba, has more than doubled from its low.

Robert Plexman, of Lévesque Beaubien, an oil analyst who correctly anticipated the demand for this sector once interest rates began coming down, suggests they are now in the "fair value" range, reflecting market prices that are, on average, about half their underlying asset values. He expects their prices will be appreciably higher, reflecting an exploration environment that is now more positive than in most other oil producing countries, but feels the momentum of the advance will slow.

However, the oil stocks and special situations such as the gold producers aside, the Toronto market appears to have little to sustain its recovery other than walking in step with stock markets to the south and waiting for U.S. recovery to be felt in Canada.

Giving his forecast for the TSE 300 index, Mr Brian Carter, research director of Lowen, Ondaatje, McCutcheon, suggested only a 12 per cent rise over the next 12 months, against 20 per cent for the New York market.

That, of course, is no guideline for a select handful of companies which have done better, rather than worse, in the recession. Among them are Canadian Tire, which has fought its way back into market favour by tightening the financial and inventory control of its automotive and home hardware distribution operation and Loblaw, the George Weston-controlled supermarket chain, which has similarly slimmed its way back to leadership in its markets.

As in the U.S., conservative investors are betting that survivors such as these stand the best chance of holding their own, even if the implicit U.S. recovery splutters and the market loses heart.

Dome Petroleum negotiations continue

BY NICHOLAS HIRST IN SAN FRANSISCO

DOME PETROLEUM, the troubled flagship of the Canadian oil and gas industry, asked yesterday for a surprise fourth-day halt in trading of its shares on the Toronto and U.S. stock exchanges while it clears up outstanding points on the restructuring of its debt.

Negotiations were continuing with the Federal Government and four large Canadian banks. "There are still some significant matters yet to be resolved." Dome said.

Agreement on the proposals put by the Government and the banks last Thursday was expected to be announced before the opening of trading

It is believed that the Government and banks have offered to inject C$1bn (U.S.$810m) of new money to help Dome out of its financial difficulties. Half would be supplied by the banks in stock convertible into shares. The Government would borrow its C$500m share from the banks, they repay it out of a 0.5 cents a litre petrol tax originally set up by the Government to finance state-owned PetroCanada's acquisition of the Canadian arm of Petrofina, the Belgian oil company.

It is understood the Canadian Imperial Bank of Commerce, the lead bank in lending to Dome, would put up C$175m, the Bank of Montreal C$140m, the Toronto-Dominion C$135m, and the Royal Bank of Canada C$50m. As part of the agreement it is believed that the Government and the banks would nominate members of the Dome board.

Dome is due to repay C$1.35bn to the four banks this week and has a further C$1.06bn to pay back by June 30 next year. It has said it cannot pay those loans on schedule. Dome's total debts exceed C$7bn held by both Canadian and foreign lenders.

Details of a restructuring of the loans which was also expected to be part of hte package are not known publicly.

Agreement on the package depends on approval from regulatory authorities and acceptance by banks not involved in the negotiations. It was not thought that the broad brush of the agreement had run into problems, but there were difficulties in finalising details.

Dome has said it has used up its lines of credit and needs C$250m to finance capital and operating commitments to December 31.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday October 13.

Closing prices on September 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	107	107½	+0¼	+1½	12.28
Amax Int. Fin. 16⅛ 92	75	103⅝	104⅛	+0⅛	+0⅛	15.38
Amex O/S Fin. 14⅛ 89	75	103⅜	103⅞	+0⅛	+1⅛	13.33
ATT 14⅜ 89	400	108¼	108⅝	+0⅛	+0⅞	12.23
BHP Finance 14¾ 89	150	100½	101	+0⅛	+0⅞	14.51
Bk. Amer. NT SA 12 87	200	95⅛	96⅛	0	+0⅜	13.21
Bk. Montreal 14½ 87	100	98½	99	+0⅛	+1⅛	14.82
Bque. Indo Suez 15 89	100	101⅜	101⅞	−0⅛	+0⅛	14.54
British Col. Hyd. 14¼ 89	200	104⅜	104⅞	+0⅛	+1	13.65
British Col. Hyd. 15⅞ 92	150	106⅞	107⅛	+0⅞	+0⅛	13.87
Canada 14⅜ 87	750	105⅛	105⅛	+0⅛	+0⅞	12.70
Canadair 15½ 87	150	104⅞	105⅛	+0⅛	+0⅞	13.61
Can. Pac. Sec. 14⅜ 92	75	101	101½	0	+1⅛	14.34
Can. Pac. Sec. 15 89	75	102	102½	+0⅛	+1	14.44
CIBC 16 87	100	101⅛	102⅛	+0⅛	+0⅛	15.30
Citicorp O/S 15 84/92	100	101⅛	101⅝	+0⅛	+0½	13.77
Citicorp O/S 15½ 85/97	125	102⅞	103⅜	+0¼	+0½	13.77
CNA 15⅞ 97	75	106	106½	+0⅛	+0⅞	14.76
Con. Illinois 15⅜ 89	100	99	99½	+1	+1	15.87
Deutsche Bk. F. 14⅛ 89	300	102	102½	+0⅛	+0⅛	13.70
Duke Pwr. O/S 15½ 89	60	102⅝	103⅛	−0⅛	−0½	14.72
Du Pont 14⅜ 89 WW	200	103	103½	+0½	+0⅛	13.35
ECSC 14⅜ 87 (April)	80	103⅛	103⅝	+0⅛	+0⅛	13.59
EIB 15½ 89	150	104⅜	104⅞	+0⅛	+0¼	14.32
EIB 15½ 92	100	105⅛	105⅝	+0⅛	+0⅞	14.41
Eksportfinans 14½ 89	50	102⅝	103⅛	+0⅛	+0⅛	13.76
Gen. Elec. Credit 0.0 92	400	32⅛	32⅝	+0⅛	+1⅛	12.72
Gen. Elec. Credit 0.0 93	400	28⅞	29⅛	+0⅛	+1⅛	12.61
Getty Oil Int. 14 89	125	104⅝	105⅛	+0¼	+1	12.79
GMAC O/S 15⅛ 85/97	100	103	103½	+0⅛	+1	13.52
GMAC O/S Fin. 15 89	125	103	103½	+0⅛	+0⅞	14.16
GMAC O/S Fin. 15 87	100	103⅝	104⅛	+0¼	+0⅛	13.71
Gulf Canada Ltd 14⅜ 92	100	102⅞	103⅜	0	+0⅛	14.09
Gulf Oil 14⅛ 94	175	102⅞	103⅜	+0⅛	+0⅛	13.86
Gulf Oil Fin. 0.0 92	300	32⅜	32⅞	+0½	+1⅛	12.62
Manitoba Prov. 13⅜ 89	100	101⅜	101⅞	+0⅛	+0⅛	13.38
New Brunswick 15⅛ 87	75	104⅝	105⅛	+0⅛	+0⅛	13.73
New Brunswick 16⅛ 89	75	106⅜	106⅞	−0⅛	+0⅛	14.53
Nova Scotia Pr. 15⅛ 89	75	103⅞	104⅜	0	+0¼	14.24
Ontario Hydro 14⅜ 89	150	105⅛	105⅝	+0⅛	+0⅛	13.39
Ontario Hydro 15 92	150	105⅞	106⅜	+0¼	+0⅞	13.80
Pac. Gas & El. 15½ 89	45	105⅛	105⅝	+0⅛	+1⅛	14.12
Phillips Petrol 14 89	200	102⅝	103⅛	+0¼	+0⅛	13.77
Saskatchewan P. 15 92	150	104⅜	104⅞	+0⅛	+1⅛	14.09
Shell Canada 14⅜ 92	125	101⅞	102⅜	+0⅛	+0⅛	13.92
Superior O/S Fin. 14 89	125	102⅞	103⅜	+0⅛	+0⅞	13.22
Swed. Exp. Cr. 15⅛ 89	100	102⅝	103⅛	+0⅛	+0⅛	14.47
Swed. Exp. Cr. 14⅜ 90	100	100⅛	100⅝	+0¼	+0⅛	14.61
Swed. Exp. Cr. 0.0 94	200	22⅛	22⅝	0	+1⅛	13.97
Texas Eastern 15⅜ 89	60	102⅜	102⅞	+0⅛	+0⅛	15.04
Union Carbide 14⅜ 89	150	103⅝	104⅛	+0⅛	+1	13.73
Wells Fargo Int. 15 87	75	101⅞	102⅜	+0⅛	+0⅛	14.25
World Bank 14⅛ 87	500	102⅛	102⅝	+0¼	+0⅛	13.46
World Bank 15 87	250	104¼	104¾	+0⅛	+0⅞	13.63
World Bank 15 88	150	104⅝	105⅛	+0¼	+0⅞	13.67
Xerox Fin. 14 87 WW	100	102⅝	103⅛	+0⅛	+0½	13.14

Average price changes... On day +0¼ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asn. D. B. 9¾ 92 (Apr)	150	99⅛	99⅞	+0⅛	+0⅛	9.37
Asn. D. B. 9¾ 92 (Aug)	150	98⅞	99⅜	0	−0⅛	9.38
Austria 8⅝ 92	100	97⅛	98	+0⅛	+0⅛	8.74
Barclays O/S 8⅜ 92	100	97⅛	97⅝	+0⅛	+0½	8.73
Black and Decker 9⅛ 89	100	102⅛	103	+0⅛	+0⅛	8.60
Bowater Int. Fin. 8½ 89	60	95⅞	96⅜	+0⅛	−0⅛	9.28
Caisse Nat. Tele. 9½ 92	100	101½	102	0	+0⅛	9.21
Canada 8½ 89	200	102⅞	103⅜	+0⅛	+0⅛	7.83
Cred. Foncier 8¾ 92	100	97½	98	−0⅛	+0⅛	9.10
EIB 8⅝ 92	100	97⅞	98⅜	0	+0½	8.64
Int. Am. Dev. Bk. 9 92	150	98⅞	99⅜	0	+0⅛	9.13
ITT Antilles 9½ 92	100	102⅝	103⅛	+0⅛	+1⅛	8.78
Nacnl. Financiera 11 90	150	83	85	+0⅛	+1	14.63
Norsk Hydro 8½ 92	100	102⅛	102⅝	0	+1½	7.13
Norsk Hydro 9 92	100	103⅜	103⅞	−0⅛	+0⅛	8.46
OKB 8⅞ 89	100	99⅞	100⅜	+0¼	+0⅛	8.84
OKB 9 89	75	99	99½	0	+0⅛	9.14
Philips Lamps 8½ 92	100	101⅛	101⅝	+0⅛	0	8.28
Philip Morris 8¾ 90	100	102⅛	102⅝	+0⅛	+0⅞	7.79
Renfe 10 92	100	99⅞	100⅜	+0⅛	+0⅛	9.96
SNCF 8⅞ 92	100	98⅛	98⅞	0	0	8.85
Tenneco Int. 9 92	100	100⅛	100⅞	+0¼	+0⅛	8.89
World Bank 8½ 92	200	99⅛	99⅝	+0⅛	+0½	8.58
World Bank 9 92	200	101	101½	+0⅛	+0½	8.80

Average price changes... On day +0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 7 92	100	100⅛	100½	+0¼	+0⅞	6.94
Austrian Elec. 6⅝ 92	100	100⅛	100⅝	+0⅛	0	6.68
BNP 6⅝ 92	100	99⅛	99⅞	+0⅛	0	6.83
Eldorado Nuclear 6¾ 92	100	103⅞	104⅛	0	+0⅛	5.95
Elec. de France 6¾ 92	100	102	102⅛	0	+0⅛	6.58
Elec. Power Dev. 6½ 92	100	103⅜	104	0	+0½	5.97
Ind. Fund Finland 6⅜ 92	30	100⅛	100⅝	+0¼	0	6.69
Japan Dev. Bank 6 94	100	101⅞	101⅞	0	0	5.82
Kansai El. Power 6⅜ 92	100	102½	102⅞	−0¼	−0¼	6.38
Koe Oil Co. 7 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho Int. Fin. 7¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mon Blanc Tun. 7¼ 92	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nafinsa 8¼ 92	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Natomat O/S F. 7¾ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel & T. 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NYK 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 7¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Metal 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenska Handels. 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cred. 7¾ 91	100	102	[illegible]	[illegible]	[illegible]	[illegible]
Troler Wasser 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TNT O/S Fin. 6¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7¾ 92	100	104⅛	104⅝	0	+0⅛	6.61

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅝ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 8⅞ 91	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines 7⅝ 87	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8⅝ 87	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8⅝ 92	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†106⅞	107⅜	−0⅛	+3	14.33
Br. Col. Tel. 17⅛ 88 C$	50	†108⅝	108⅞	+0¼	+2½	15.47
Can. Utilities 17 87 C$	35	†107	107½	0	+1	14.78
Gaz Metro 17⅛ 90 C$	20	†103	104	+0½	+1⅛	15.42
OKB 16⅜ 88 C$	63	†106½	107	+0½	+3	14.38
Q. Hyd. 16½ 89 (M) C$	50	†105⅛	106	0	+1⅛	15.01
Univ. Queb. 16⅛ 87 C$	17	†101	102	0	+0½	16.08
U. Bk. Nwy. 9½ 90 EUA	18	95⅞	96⅞	−0⅛	−0⅞	10.35
Amro Bk. 10 87 (M) Fl	150	100½	101	0	+0⅛	9.78
Amro Bk. 10 87 (A) Fl	75	100⅝	101⅛	+0⅛	+0⅛	9.75
Bk. Mees & H. 10 87 Fl	75	99	99½	0	0	10.18
EIB 10 87 Fl	75	99	99½	0	−0¼	10.19
Ireland 10½ 87 Fl	75	99⅛	99⅝	+0⅛	+0½	10.66
OKB 10½ 87 FL	75	100⅛	100⅝	0	0	10.34
OKB 14 86 FFr	400	92⅛	93⅛	−0⅛	−0⅛	16.66
Solvay et C. 14⅜ 86 FFr	200	94⅛	95⅛	0	+0½	16.81
Beneficial 14⅛ 90 £ (D)	20	94	95	+0⅛	+0⅞	15.44
BFCE 14½ 87 £	30	105⅞	106⅜	0	+0⅛	12.62
BNP 13½ 91 £	15	101¼	102⅛	+0¼	+0⅛	13.03
CECA 13½ 88 £	20	103⅝	104⅛	−0⅛	+0⅛	12.45
Fin. Ex. Cred. 13⅜ 86 £	15	101⅞	102⅞	+0⅛	+0⅛	12.79
Gen. Elec. Co. 12⅜ 89 £	50	102⅛	103⅛	0	+0⅛	11.82
Hiram Walker 14⅜ 86 £	25	102⅞	103⅜	+0¼	+0⅛	13.15
Norsk Hydro. 14½ 87 £	30	105⅞	106⅜	0	+0⅛	12.63
Privatbanken 14½ 88 £	12	99⅝	100⅛	+0¼	+1⅞	14.43
Quebec 15½ 87 £	35	106⅝	107⅛	+0¼	+1½	13.23
Quebec Prov. 14½ 89 £	30	103⅜	103⅞	+0⅛	+1⅛	13.68
Reed (Nd) NV 16⅛ 89 £	25	107⅞	108⅜	0	+0½	14.58
Royal Trustco 14 86 £	12	102½	103½	+0⅛	+0⅛	12.79
SDR France 15½ 92 £	30	106	106⅞	0	+0¼	14.19
Swed. Ex. Cr. 13⅜ 86 £	20	102⅝	103⅛	+0⅛	+0¼	12.48
Tenneco Int. 14⅜ 87 £	30	102½	103⅛	+0⅛	+1⅛	13.86
Coun. Eur. 12½ 92 LuxFr	500	105⅛	106⅛	−0⅛	−0⅞	11.50
Eurofima 10½ 87 LuxFr	500	98⅝	99⅛	0	−0⅛	10.72

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98	98½	15/10	15.69	15.97
Bk. of Tokyo 5⅛ 91 (D)	0⅛	99⅝	100⅛	8/12	15⅛	15.25
Bk. Nova Scotia 5⅛ 93	0¼	98½	99	29/10	15⅛	15.32
BFCE 5⅛ 88	0¼	99⅛	99⅝	28/10	15	15.08
BFCE 5¼ 87	0⅛	99⅝	100⅛	27/1	14	14.02
Caisse Nat. Tele. 5⅛ 90	0¼	99⅛	99⅞	21/10	15⅜	15.81
CCCE 5¼ 2002	0⅛	98⅛	98⅝	11/12	15⅛	15.63
CEPME 5¼ 92	0¼	99⅞	100⅜	10/12	15.44	15.42
Chemical NY 5⅛ 94	‡0¼	98⅝	99⅛	23/12	12⅛	12.50
Credit Agricole 5¼ 97	0¼	99⅛	99⅝	24/3	12⅞	12.94
Credit du Nord 5⅛ 92	0¼	99⅝	100⅛	23/12	16.81	16.83
Credit Lyonnais 5⅛ 97	0¼	99⅛	99⅝	1/10	16	16.08
Credit Lyonnais 5¼ 94	0⅛	100⅛	100⅝	1/1	16.94	16.87
Credit Nat. 5½ 94	§0⅛	98⅝	99⅛	9/3	12.18	12.32
Ireland 5¼ 89/94	0¼	†98	98½	25/11	14⅜	15.01
Kansallis Osake 5½ 92	0⅛	99½	100	6/11	15.31	15.35
Lloyds Eurofin 5¼ 93	§0¼	99⅛	99⅞	29/10	17⅛	17.19
Long Term Cred. 5⅛ 92	0⅛	99⅛	99⅝	29/11	14⅝	14.70
J. P. Morgan 5¼ 97	§0⅛	98⅞	99⅛	12/11	12.94	13.05
Nat. West. Fin. 5⅛ 91	§0⅛	100	100½	15/1	15⅛	15.21
New Zealand 5¼ 87	0⅛	99⅛	99⅞	7/10	15.56	15.62
Nippon Credit 5¼ 90	0¼	99⅛	99⅝	10/2	13⅞	13.94
Offshore Mining 5¼ 91	0¼	99⅝	100⅛	2/12	14.19	14.21
PKbanken 5 91	0¼	100	100½	17/12	15.81	15.77
Scotland Int. 5¼ 92	0⅛	98½	99⅛	23/3	13⅛	13.40
Sec. Pacific 5⅛ 91	0⅛	99¼	99⅝	24/11	15	15.08
Societe Generale 5⅛ 95	0¼	98⅝	99⅛	1/3	12.81	12.94
Standard Chart. 5¼ 91	0⅛	99⅛	99⅝	18/11	14⅞	14.95
Sweden 5⅛ 89	0⅛	98⅝	99⅛	26/2	11.81	11.93
Toronto Domin'n 5¼ 92	0¼	97⅝	98⅛	11/2	14.31	14.60

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	76	77½	0	9.70
Bow Valley Inv. 8 95	4/81	23.12	98⅛	100	0	45.15
Bridgestone Tire 5½ 96	3/82	470	86½	88	−0½	4.87
Canon 6⅜ 95	1/81	736.3	103½	105⅛	+0½	11.99
Canon 7 97	7/82	748.2	114½	116	+0½	8.30
Chugai Pharm. 7⅛ 96	7/82	7[illegible] 6	111⅞	113⅛	−2⅛	3.82
Fujitsu Fanuc 4½ 96	10/81	5641	77⅛	79⅛	−0⅛	27.41
Furukawa Elec. 5⅛ 96	7/81	300	†88	90	−2	−1.73
Hitachi Cable 5⅛ 96	2/82	515	87⅛	89⅛	−0⅛	2.47
Hitachi Cred. Cpn. 5 96	7/81	1612	65½	67½	+0⅛	19.50
Honda Motor 5½ 97	3/82	835.6	86	87½	+1⅛	11.47
Kawasaki 5⅜ 96	9/81	229	60½	62	+1⅛	34.29
Marui 6 96	7/81	846.4	93	94½	−0⅞	7.83
Minolta Camera 5 96	10/81	826.4	60½	62	−0⅛	34.59
Minorco 9⅛ 97	5/82	8.16	†95½	97	+0¼	6.01
Murata 5¼ 96	7/81	2168	71⅛	72⅞	−0⅛	26.63
NKK 6½ 96	7/81	188	66⅞	68½	−1	26.86
Nippon Electric 5¼ 97	2/82	846	91⅛	93⅛	−0⅛	17.50
Orient Finance 5¼ 97	3/82	1205	82⅛	83⅛	−0½	14.50
Sanyo Electric 5 96	10/81	652	65½	67	+0¼	23.22
Sumitomo Elec. 5½ 97	3/82	577.3	86⅛	88⅛	+0¼	5.20
Sumitomo Met. 5¼ 96	10/81	296.1	59⅞	61⅛	−0⅛	64.43
Minebea 6½ 92 SwFr	10/82	[illegible]	103⅛	104½	−0¼	3.77
Konishiroku 6⅜ 88 DM	6/82	616	103	104	+0½	17.65
Mitsubishi H. 6 89 DM	2/82	263	91	92¼	+0½	39.81

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Swedish banks show increased earnings after eight months

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDEN'S two largest private commercial banks, Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB), yesterday reported increased earnings for the first eight months of the year, but in both cases profit growth tapered off in the second four months.

SEB lifted profit by 30 per cent to SKr 893m ($143m) compared with the first eight months of 1981, while SHB's earnings rose by just over 18 per cent to SKr 764m. On the consolidated accounts, SEB's earnings climbed by 47 per cent to SKr 1.1bn and SHB recorded a 19 per cent growth to SKr 915m.

SEB's earnings slipped from SKr 406m in January-April to SKr 358m in the second four months, the latter figure showing a decline of SKr 48m from the corresponding period last year.

SHB made a profit of SKr 406m in May-August against SKr 487m in the first four months, keeping earnings nevertheless ahead of the SKR 368m it achieved in May-August last year.

Both banks reported increased credit losses, SEB up by SKr 20m to SKr 41m and SHB posting SKr 35m in losses against SKr 24m.

The losses shown in the interim reports are relatively modest, however, as the banks are following the Swedish bank inspectorate's recommendation to spread credit losses over a period of about five years.

The principal cause for the profit reduction in May-August was the monetary policy pursued by the Riksbank (central bank) from June in an effort to halt a currency outflow.

SEB assumes that money market rates in Sweden will not fall significantly during the remainder of the year and that profits during that period will be lower than those achieved in May-August. It expects earnings for 1982 as a whole, however, to be "somewhat better" than last year's SKr 1.38bn bank profit.

On the assumption that Riksbank policy will remain basically unchanged, SHB forecasts a 1982 profit "well on a level" with the SKr 1bn recorded in 1981.

Italian foods group lifts interim turnover by 19%

BY RUPERT CORNWELL IN ROME

INDUSTRIE Buitoni Perugina (IBP), the leading Italian foods group, yesterday reported a rise of 19 per cent in consolidated turnover for the first six months of 1982, and indicated that it continues to operate at a profit.

Group sales in the first half totalled L352bn ($250m). Domestic turnover rose 25 per cent to L163bn, while sales of the various foreign operations climbed 14 per cent to L189bn.

Among the strongest performances was that of Perugina, the group's confectionery subsidiary, which had significantly boosted volume sales despite static overall market conditions.

Perugina, which recently acquired a full listing on the Milan bourse, is currently *engaged in a series of capital* increases which will raise its total equity to L85bn.

When these are completed IBP, which is 51 per cent owned by the Buitoni family, will retain an 80 per cent stake in Perugina, with the remainder traded on the Milan bourse.

IBP paid a dividend in 1981—the first in six years, signalling its continued recovery.

Wienerwald makes its first report to creditors

By John Wicks in Zurich

WIENERWALD, the major international restaurant and hotel group, has now forwarded its first consolidated balance sheet to creditor banks. The figures were calculated in co-operation with the auditing company Coopers and Lybrand.

The balance-sheet was said to show "a much better picture than had been assumed by creditor banks and the public." The balance-sheet total amounts to SwFr 479.6m ($220m). Although the capital resources figure is said to be of a negative SwFr 31m ($14.2m) this is more than offset by unpublished reserves of at least SwFr 50m ($22.9m) accounted for by real estate and hotel property.

The news comes just after the financially troubled group revealed that it had obtained agreement by a Swiss Cantonal court in Schwyz to a breathing space until January 15 during which it will not have to pay any interest or principal on its debts.

Wienerwald had sought protection from the courts after a debt agreement had broken down earlier this year.

Presentation of a world balance sheet had formed part of a concept called for this spring by a group of 24 German and Swiss banks, which the group owes a total of DM 257m ($101m). The Wienerwald parent, based in Feusisberg, had initially hoped to have the consolidated report completed in June.

At the same time, a company named Wienerwald 2000 Betriebsgesellschaft fuer Wienerwaldgastronomie has been set up in Munich to ensure the continued operations of German restaurants owned by the group. This move is simultaneous with the announcement of bankruptcy proceedings for 135 individual German operating companies, the restaurants controlled by which are to remain open.

In the U.S., bankruptcy proceedings have been announced by Interstate Restaurant Systems and Hospitality Restaurants due to over-indebtedness. These two companies have hitherto operated a total of 70 restaurants in the Wienerwald group's Lums chain.

Robert Graham examines the problems confronting the largest quoted Spanish group

ERT a test for Spain's credit standing

BY international standards the difficulties of Spain's largest stock market-listed industrial company, the chemicals conglomerate, Union Explosivos Rio Tinto (ERT), are comparatively small. ERT has almost $1bn of debt and is seeking a moratorium on payment of the principal.

However, in the context of the Spanish economy where there are few large private industrial groups, ERT's predicament becomes magnified. Furthermore, it is not just a cash flow crisis. At stake is the whole complex relationship of private industry with the Government and the intricate interlocking links between the big Spanish banks who are both shareholders in ERT and its major creditors.

Beyond this there is the question of Spain's international credit standing for 83 foreign banks are among ERT's creditors.

A solution to these various issues is made additionally thorny by the current power vacuum in a Government which has virtually abdicated its authority in the run-up to the October 28 general elections. Nothing can be settled until after the elections and if the predicted Socialist victory occurs there could be a major Government re-think on industrial policy with more active state intervention.

ERT is the result of a merger of two private companies—Union Espanola de Explosivos, and Minas de Rio Tinto. The former prospered on a near monopoly of the explosives business in Spain and the successful development of its own technology in this field. The latter grew up from mining interests in southern Spain, pioneered by Rio Tinto Zinc, and then branched out into chemicals.

RTZ retains a minimal residual interest in the group whose main shareholders are Spanish banks. The largest single shareholding (around 6 per cent) is held by Banco Urquijo, and Urquijo along with Banesto, Bilbao, Central, Exterior, and Hispano-Americano, are the principal creditors with outstanding loans of Pta 28bn of the Pta 110bn ($962m) total.

Sr Leopoldo Calvo Sotelo, spearhead of ERT expansion in the mid-seventies and now Prime Minister.

These shareholders are convinced that ERT with consolidated sales of Pta 227bn is basically sound, but they concede that it suffers from two major problems—a fragmented business structure, and excessive short-term debt. These two problems have been compounded by the worldwide chemicals slump of the past three years, and the drought in Spain for the past two years which has severely weakened the fertiliser market.

ERT began a major expansion programme in the mid-seventies, including a push into pharmaceuticals. Headed then by the present Prime Minister, Sr Leopoldo Calvo Sotelo, it opted for a major venture into property.

ERT was immediately hit by high interest rates, high labour costs and falling property demand. As a result ERT is burdened—despite some disposals—with property interests of some Pta 20bn.

For the past three years the group has been trying to rationalise, by selling off non-essential operations or seeking new partners. There was collaboration talk at one stage with Hoechst, but the German chemicals giant shied away and only bought ERT's 55 per cent stake in a joint chemical company, Taqsa.

ERT's pharmaceutical activities were reorganised earlier this year and its four companies grouped together. At the same time ERT sold its interest in the titanium producer, Titanio.

However, these moves have not really touched the group's basic problem. It has more than one-third of its total debt contracted short term and far too much foreign exchange exposure.

For more than a year discussions have been held with the Government both on soft financial aid and on more general assistance. ERT tried and failed to persuade the administration to provide a Pta 10bn soft credit.

This year the company will have to face financial charges of some Pta 4bn to Pta 5bn.

It is hoped that an agreement can soon be reached on the precise timing of the debt moratorium. This will probably be six months during which interest will be paid.

Swiss watchmaker revises forecast of 1982 loss

BY OUR ZURICH CORRESPONDENT

SOCIETE SUISSE pour L'Industrie Horlogere, the parent company of the Swiss watch group SSIH, forecasts a "substantial" net loss this year. By the end of last month, losses exceeded the SwFr 28m ($12.8m) remaining in the company's special provisions fund intended to cover the year's deficit, the company said.

Business is expected to improve in the last four months of 1982, however, and the annual loss should be smaller than 1981's SwFr 38.4m which was struck after transfer of SwFr 41.2m from reserves and and SwFr 2.4m extraordinary gain from the sale of assets.

Group turnover is expected to reach about SwFr 600m ($275.2m) this year, against SwFr 550.7m in 1981 and SwFr 613.6m in 1980. Part of the 1982 increase would be due to changes in exchange rates, indicating real growth of about SwFr 35m.

SSIH exports of watches and movements rose by 7.3 per cent in value terms in the first half, while industry exports fell by about the same percentage. Despite a reduction in stockpiles of Omega and Tissot watches, however, SSIH still faces a liquidity problem.

Solvay bounces back to profits

SOLVAY, the Belgian chemical and plastics group, reports first half profits of BFr 1.3bn ($26m), which compares with losses in the corresponding period of 1981 or BFr 797m. The interim dividend is to be maintained at BFr 70 on the "A" and "B" shares, writes Our Financial Staff.

Turnover in the six months *had increased by 15 per cent to* a provisional BFr 89.7bn. Most divisions improved their performances, the company said.

Last year, Solvay incurred total losses of BFr 752m and cut its dividend by BFr 50 to BFr 150 a share. The deficit followed a decline in 1980 profits to BFr 1.98bn from BF 5.1bn in 1979.

French bank plans to set up in Finland

By Lance Keyworth in Helsinki

BANQUE INDOSUEZ is to open for trading in Finland. It is the third foreign bank to set up in Finland since the banking law was reformed in 1979. Unlike its two predecessors, Citibank and Chase Manhattan, the French bank has entered into a partnership with a Finnish commercial bank, Postipankki, the state-owned financial institution.

Postipankki took the initiative in offering to join the French venture. It is expanding its international business and will find Indosuez useful in the Middle and Far East

Mr A. Jeancourt-Galignani, chief executive of Banque Indosuez, said that "the many *Finnish companies active in the* Middle and Fast East made Finland an interesting target for the enlargement of our European clientele."

Capital of Indosuez Osakepankki, the name of the new bank, is FM 20m ($4.1m), of which Banque Indosuez holds 85 per cent and Postipankki 15 per cent.

Weak commodity prices depress Howard Smith

BY MICHAEL THOMPSON-NOEL IN SYDNEY

HOWARD SMITH, the Australian coal, shipping and sugar group, suffered a 23 per cent fall in profit for the six months ended June, 1982 from A$9.45m to A$7.31m (US$6.94m)—despite a 44 per cent increase in turnover to A$169m.

Weak commodity prices and substantially higher financial charges were the main cause for the setback. An unchanged interim dividend of 5 cents a share has been declared.

The company's interest payments in the six months totalled A$5.21m, against A$1.69m previously—while depreciation rose to A$7.2m from A$4.5m.

Port congestion, industrial disputes and higher government charges meant that the group's coal division operated at a loss for the six months, though most of the other divisions experienced better conditions.

● Steamship Trading Company, the Papua New Guinea Trader, produced a record profit of A$7.8m (US$7.4m) for the year ended June, 1982, up 31 per cent on turnover, 20.7 per cent higher at A$167.2m. The ordinary dividend is being maintained at 8.25 Toea.

Intercom in $160m rights issue

INTERCOM, THE Belgian gas and electricity utility, plans a rights issue to raise up to a maximum of $160m, Reuter reports from Brussels.

The company will hold an extraordinary meeting on October 15 to propose a capital increase of between BFr 4bn and BFr 5.4bn (US$110m). It proposes to issue between 3m and 4m new ordinary shares at a price of BFr 1,345 each, plus a premium taking the total price up to a maximum of BFr 2,000.

Intercom's capital at present totals BFr 32bn. Its biggest single shareholder is Electrobel with 21 per cent.

In 1981 Intercom paid a dividend of BFr 158, up from BFr 150 in 1980. Net profit was BFr 5.1bn, compared with 1980's BFr 4.7bn.

Barclays Bank senior post in Frankfurt

● Mr Giles Davison, general manager for BARCLAYS BANK INTERNATIONAL in Belgium, has been appointed area general manager based in Frankfurt, West Germany, with effect from November 1. He will have responsibility for Belgium, Luxembourg and Germany. The general manager in Germany, Mr George J. Charleston, retires at the end of October.

● CENTRAL SOYA COMPANY has elected Mr Thomas C. Cole, controller and assistant secretary, replacing Mr Richard C. Hammond who is retiring on December 31.

INTERNATIONAL APPOINTMENTS

● Mr James A. Unruh has been appointed vice-president, finance, with responsibility for all financial activities of the BURROUGHS CORP., Detroit. Mr Thomas E. Winter, executive vice-president, finance and administration, will leave Burroughs, but will remain with the company during a transition period. Mr Winter has resigned from the Burroughs board but will remain an executive vice-president. Mr Unruh joined Burroughs in February of this year from Memorex, which Burroughs acquired in December 1981.

● Mr Charles J. Waidelich, chairman and chief executive officer of Cities Service Company, has been elected a director of OCCIDENTAL PETROLEUM CRPN, Los Angeles. Mr Waidelich's election is in accordance with the terms of the Occidental-Cities Service merger agreement, and after the merger he will be elected a vice-chairman of Occidental. Mr Martin Berger has been elected executive vice-president for operations. Previously he was senior vice-president for research and development. He will retain his previous office as president of Occidental Research Crpn and will also be responsible for research and development, environmental compliance, technical auditing and certain other operational functions of the corporation.

● Mr David A. Jones has been elected a member of ABBOTT LABORATORIES' board of directors. A co-founder of Humana Incorporated he has been chairman and chief executive officer of the hospital management company since its organisation in 1961.

● The COFFEE, SUGAR AND COCOA EXCHANGE, New York, has appointed Mr Todd E. Petzel as chief economist from October 4. Mr Petzel comes to the exchange from the Food Research Institute of Stanford University where he has served as an assistant professor for the past four years.

● Mr Michael Hardy has been appointed head of the delegation of the Commission of the European Communities to the UN.

● The FLEXI-VAN CORPORATION of New York has appointed four senior vice-presidents. They are: Mr William D. Burns, North America; Mr Larry H. Hotchkies, Europe; Mr W. R. Reidelberger, Far East; *and Mr Alfredo* Weiner, Latin America.

BHP cuts more jobs and forecasts lower earnings

BY MICHAEL THOMPSON-NOEL IN SYDNEY

BROKEN HILL Proprietary, Australia's largest company, is still shedding workers and the company's profits in the current year will be lower than in 1981-82, Sir James McNeill, chairman, told the annual meeting in Melbourne yesterday.

In the year ended May 31, BHP's workforce fell by 3,757 (including 2,500 steelworkers) to about 70,000. Since then, another 2,100 have left, including 1,500 steelworkers.

BHP's net profit in the year to May fell by a quarter, to A$365m (U.S.$368m) on conventional accounting principles.

Sir James told shareholders that the oil and gas division's profit ought to hold steady in the current year—it was A$268m in 1981-82—but that all other divisions would show a decline.

He said that many of the steel division's problems could be traced to an overvalued Australian dollar, though he admitted that was not the sole cause of the problem. The steel division lost A$12.6m last year, against a profit of A$105.6m in 1980-81.

Sir James stressed that as well as a large reservoir of skilled workers, BHP had extensive reserves of coal, iron ore, and manganese, as well as substantial reserves of crude oil, other petroleum liquids, and natural gas.

The company is a member of a consortium that has applied for exploration permits off the coast of China. In addition, development of the Ok Tedi gold and copper mine in Papua, New Guinea, was proceeding on schedule, as was the Worsely bauxite-alumina project in Western Australia, in which BHP has a 20 per cent stake.

Dai Nippon Printing group result just ahead

By Yoko Shibata in Tokyo

DAI NIPPON PRINTING, Japan's largest printing concern which has 4 consolidated subsidiaries, has reported marginal gain in consolidated profits for the year to May.

Profits before tax under the U.S. Securities and Exchange Commission accounting system rose by 2.8 per cent to Y51.78bn ($194m). Net profits were Y22.93bn, up by 0.2 per cent and profits per share were Y42.00 compared with Y44.82. Sales rose by 8.9 per cent to Y571.2bn.

As reported in July, parent company net profits were Y21.31bn, up 5 per cent, and sales were Y521.8bn, up 8.4 per cent. Profits per share were Y40.96 at the parent company level compared with Y43.2 in the previous year.

Sluggish earning growth was attributed to higher sales costs resulting from intensified competition and higher depreciation.

● AJINOMOTO, the Japanese foods and seasoning company, will issue 10m shares of new capital stock in the form of European Depositary Receipts (EDRs), mainly in Europe, with payment on December 21, Reuter reports from Tokyo.

The issue price will be set on the basis of the closing price on the Tokyo stock market on December 3. The company's capital will be raised to Y18.87bn ($70m) from the present Y18.37bn.

Oki Electric in tie-up with U.S. group

By Our Financial Staff

OKI ELECTRIC Industry of Japan, the major telecommunication equipment and electronics manufacturer, has reached an accord with International Semiconductor of the U.S. on the development of advanced MOS (metal oxide semiconductor) memory chips, and the production of the advanced 64-kilobit random access-memory (RAM) chips. The MOS 64k RAM chip is the central semiconductor of advanced computers. Further details will be discussed by the two companies starting in October.

United Plantations profits down 20% in first half

BY WONG SULONG IN KUALA LUMPUR

UNITED PLANTATIONS, the formerly Danish-owned oil palm group, has reported a 20 per cent decline in pre-tax profits to 15.7m ringgit (US$6.6m) for the half-year to the end of June. Profits after tax were 25 per cent lower at 8.3m ringgit.

The company attributed the downturn in results to the recession and to "the biggest ever American soyabean crop" which put pressure on prices of edible oils. Prices obtained for palm oil as well as for cocoa were about 8 per cent lower during the period.

Although the groups has sold some of its palm oil and cocoa crop forward at reasonable prices, it expects depressed commodity prices to continue to affect earnings.

However, it points out that it is negotiating for 30,000 acres of jungle from the Perak State authorities, and the development of this land would ensure agreeable long term-prospects" for the group.

Following Malaysianisation last July, the Government agency, Fima, now holds 56 per cent of the company with Danish groups retaining about 16 per cent.

K.L. city plan threatens property projects

BY OUR KUALA LUMPUR CORRESPONDENT

TWO MAJOR commercial developments in the Malaysian capital, estimated to cost well over U.S.$1bn could be seriously affected by the recently published government masterplan for the development of Kuala Lumpur.

The two proposed projects—the Damansara town centre and the Campbell project — are being undertaken by two publicly listed companies Selangor Properties and Bandaraya Developments.

Plans unveiled by Selangor Properties called for the development of 54 acres of prime land in Damansara Heights into a town centre of high-rise office buildings and shopping arcades at the cost of more than U.S.$700m.

The Campbell complex calls for a similar development on 15 acres adjacent to the Kuala Lumpur financial district, at the cost of more than U.S.$300m.

However, under the draft of the Kuala Lumpur masterplan, the authorities are proposing to discourage the establishment of a town centre or its equivalent in Damansara and to keep the area for low density residential development.

The Campbell project could be similarly affected because the authorities have designated the Eastern Hotel, located in the area, to be a historical site, protected under the Antiquities Act 1976.

Officials of Selangor Properties and Bandaraya Developments were not prepared to comment on the matter, but pointed out that the final draft of the masterplan would be adopted by the government only after public submissions.

Plans for the two projects were submitted to the authorities several years ago, but no approval has been given yet. One of the problems could be that both companies have yet to comply with the New Economic Policy of a minimum of 30 per cent Bumiputra (indigenous Malay) ownership.

Selangor Properties is believed to be having discussions with several prominent Malay institutions with a view to forming a partnership to develop the Damansara town centre.

Selangor Properties is owned by the family of Datuk T. K. Wen; while Bandaraya is part of the Malayan Chinese owned Multi-Purpose Holdings. Since details of the masterplan were announced, trading in both companies' shares has been active, particularly in Singapore.

Gwent

A new era in the industrial life of this south-eastern corner of Wales is under way which will provide jobs to replace the declining industries of steel and coal mining

BY ROBIN REEVES

Surviving an economic thunderbolt

JUST OUTSIDE Newport, the finishing touches are being added to a futuristic-looking manufacturing complex which it is hoped will eventually provide 1,000 jobs. It is the £25m production facility for Inmos, the Anglo-American micro-electronics venture. A few miles away, Ferranti recently completed a £5m centre for the research and development of new computer systems for air traffic control and military applications.

At Caldicot, on the other side of Newport, Mitel Telecom is well ahead with the construction of a £32.5m European headquarters for the manufacture and marketing of its new generation telecommunications equipment. In Blaenau Gwent, on a major new industrial estate carved out of the mountainside above Ebbw Vale, Pendar Robotics is just beginning production of a new range of lightweight robots which the company is confident will capture a siginficant share of this rapidly-growing market.

These are just four recently-established highly technology projects which are opening up a new era in the industrial life of this south east corner of Wales, as it wrestles with the problems created not only by the recession, but also by under-underlying changes in the structure of its economy.

Gwent is probably still better known to many Englishmen at least as Monmouthshire, that border county which for several centuries could not make up its mind whether it was part of Wales or England. The dilemma is still reflected in its geographical character.

The gentler landscape and towns and villages in the eastern half of the county are more reminiscent of parts of neighbouring England than Wales, whereas the industrial valleys in the west of the county are totally Welsh in character: though visitors expecting to see a gloomy landscape of coal tips and industrial dereliction are in for a surprise.

Beauty restored

The ugliness of the past has now been virtually wiped out by the massive land reclamation effort over the past decade, restoring the valleys to their former beauty.

For administrative purposes at least, the county is firmly part of Wales. Under the 1972 reorganisation of local government, it changed its name to the old Welsh name for the area—the kingdom of Gwent, and became unequivocally a Welsh county.

Gwent is no stranger to economic change. The combination of coal, limetone, iron ore, and water in the hills and valleys of the west of the county put Gwent in the forefront of the industrial revolution.

Only some 45,000 people lived in the county in 1801. Yet 30 years later, the population had doubled and in another 20 years doubled again. By the end of the century the population had risen to nearly 250,000 and today it stands at over 450,000.

Newport is the largest town and centre of trade and commerce with a population of 137,000. Just to the north lies Cwmbran, Wales's first new town, dubbed the garden city of Wales and home of Gwent County Council's administrative headquarters.

The inter-war depression hit the Monmouthshire coalmining valleys particularly hard, setting in train a process of industrial diversification in the 1930s which has continued without interruption since. No sooner did the county show signs of getting on top of the problems created by the 1960s contraction of coalmining than the difficulties began in steel, the county's other basic industry.

Ebbw Vale's days as an inland steelmaking centre were probably numbered from the moment it was decided, in the late 1950s, to build a new steelmaking complex at Llanwern, a coastal site near Newport. At the time, it was certainly not a complete surprise when the British Steel Corporation's ill-fated 1972 strategy for the 1980s proposed the phasing out of iron and steelmaking at Ebbw Vale, though it produced a great deal of local anger.

The rundown was eventually achieved by 1978 with a loss over the period of some 6,000 jobs, leaving Ebbw Vale, after considerable investment in modernisation, as one of BSC's three tinplate and galvanising centres.

But few people were prepared for the economic thunderbolt which struck the Welsh steel industry in 1979, after the new Conservative Government's insistence on BSC bringing its losses under control. One proposal at one stage was to close Llanwern altogether with the loss of over 9,000 jobs, and transfer its order book to Port Talbot.

Slimline

In the event a "slimline" strategy was adopted, involving the halving of production and manpower at both works, setting the scene for what has since been described as "the Llanwern miracle."

Generations of demarcation and "old Spanish customs" were quickly abandoned in a drive to produce steel profitably with a workforce of under 5,000.

Llanwern today is among the most tightly manned steel plants in Europe and, in the past financial year, the only BSC strip steel production centre to have operated at a profit. It has even been featured in a Conservative Party political broadcast as an example of the beneficial effects of the Government's economic policies for industry.

Unfortunately, Llanwern is not yet out of the deep recession in the world's steel industry in general and among the UK steel consuming industries in particular, could still force BSC to close one of its three strip steel production centres. While Ravenscraig in Scotland is regarded as the most likely casualty, political considerations may still make Llanwern the victim, given that its closure would still leave South Wales with one major steelmaking plant, Port Talbot.

In the meantime, a number of other specialist steel plants in the county are fighting for survival. A large question mark hangs over the future of the Panteg stainless steel plant, near Pontypool, while in the private sector, Alpha Steel, which built a modern electric arc steel plant at Newport in the mid-1970s, was recently forced to lay off workers for a second time.

But the economic difficulties are far from confined to steel. Last week, Alcan was forced to lay off another 350 workers at its large Rogerstone mill. Earlier in the year, Dunlop closed its Semtex rubber and carpet tile factory at Brynmawr with the loss of well over 500 jobs.

Employment at ICI's Pontypool plant, where nylon was first manufactured immediately after the war, has shrunk to a shadow of its former size. In fact, there is hardly an industry which has been left untouched by the effects of the recession and many of the casualties have occurred in companies which came to replace the jobs being lost in more traditional sectors of the local economy.

The net result is that Gwent's level of unemployment now stands at 17.6 per cent, compared with a Welsh average of 16.5 per cent and a UK level of 13.2 per cent.

The gentler landscapes and villages in the eastern half are reminiscent of England but the industrial valleys in the west are totally Welsh

High technology moves into the valleys

In spite of the severity of the recession and the bad effect this has had on jobs in Gwent, there has certainly been no let up or halt in manufacturing investment in the county. During the past 12 months, a new factory has opened its doors or an existing factory has expanded an average once every fortnight.

The thunder is being stolen, understandably, by Inmos, the 75 per cent-owned subsidiary of the Government-backed British Technology Group, and by the Canadian-owned Mitel Telecom. The £25m Inmos plant began producing its first microchips in August—a 16K static Random Access Memory. A useful share of the world market has already been captured by output from the company's Colorado plant.

The Newport plant, however, is now thought to need a further £10m to £15m injection of government funds before it goes into volume production. Only about 180 are being employed at Inmos so far. If all goes well it is hoped to build up the workforce to 1,000 by 1984.

Mitel Telecom's 300,000 sq ft headquarters at Caldicot is not due to open until July next year. But it is already employing nearly 250 and is eventually to employ 2,000. The facility will manufacture Mitel's complete range of PABX systems both for British Telecom and Mitel distributors throughout the UK and the rest of Europe.

Ferranti was an earlier arrival. It has just completed the first £5m phase of its new Cwmbran complex which will be responsible for the design and development of the company's air traffic and non-naval military computer systems. Alma, the Japanese consumer electronics group, which is manufacturing miniturised hi-fi systems near Newbridge in Gwent's western valley, was also an early arrival.

STC, part of ITT has long had a manufacturing presence in Newport, but its electronics subsidiary is now expanding fast—150 new jobs have been created in the past year—to meet major new orders.

Control Data

Another U.S. company, the Minneapolis-based computer and financial services group, Control Data, has its European centre for magnetic media production at Brynmawr where it employs 850 people. Around 75 per cent of the plant's annual output of 1m discs and 2m reels and tapes—worth more than £25m a year—is exported.

Other expansions in the high technology field include Data type terminals which has established its headquarters in Cwmbran and Data Design Techniques of Chepstow which has opened a new factory in Caldicot.

In the heads of the valleys area, in the north of the county, Pendar Robotics and Yuasa Battery, a Japanese-owned company (and the eighth to establish itself in Wales) are just gearing up for manufacture of their respective products. ICD, one of only six highspeed copier manufacturers in the world, has located itself at Tredegar.

Another microelectronics company, Cleartone Electronics, ran into difficulties as a result of over-rapid expansion to meet a manufacturing order for the BBC-backed Acorn Minicomputer. However, it has been taken over now by AB Electronics—whose headquarters are in neighbouring mid-Glamorgan—with the aim of putting the company back on an even keel.

ADVANCE FACTORIES IN WALES 1981-82

County	Completed 1981-82 units	sq metres	sq ft	Under construction at March 31 1982 units	sq metres	sq ft	At design stage, March 31 1982 units	sq metres	sq ft
Clwyd	135	66,800	719,000	31	29,800	321,000	—	—	—
Dyfed	62	16,400	177,000	15	5,900	64,000	42	19,300	208,000
Gwent	82	53,900	580,000	35	22,800	245,000	11	6,800	73,000
Gwynedd	41	9,400	101,000	37	6,900	74,000	14	2,100	22,000
Mid Glamorgan	55	20,100	216,000	38	32,500	350,000	26	6,300	68,000
South Glamorgan	40	40,500	436,000	37	5,200	56,000	10	3,000	32,000
West Glamorgan	41	22,800	246,000	20	9,300	100,000	9	15,300	165,000
TOTALS	456	229,900	2,475,000	213	112,400	1,210,000	112	52,800	568,000

Factory space to nearest 100 sq metres (1,000 sq ft)

Source: WDA.

Boost for the tourist industry

GWENT LOCAL authorities are not alone in thinking that tourism can make a greater contribution to local economic well-being at a time when other sources of employment growth are proving difficult. Few counties, however, are as richly endowed with such a variety of high-quality attractions, capable of boosting significantly tourism's contribution to the local economy. About 32m people or half the population of Britain lie within four hours' drive of the county.

The beauties of the Wye and Usk valleys have been attracting visitors from far afield for a very long time indeed but access to the whole of south east Gwent, with its undulating hills and valleys, and picturesque towns and villages was made easier by the opening of the Severn bridge. More visitors each year have been discovering the delights of famous attractions like Tintern Abbey which were previously relatively inaccessible.

The Black Mountains and the Brecon Beacons too, in the north of the county, have also long had their devotees, particularly among the more energetic but it is only fairly recently that the rich heritage of industrial archeology to be found in Gwent's industrial valleys has begun to be appreciated.

Gwent County Council decided in 1978 upon a series of initiatives to stimulate the local tourist industry which, at that stage, it reckoned was responsible for some 1,200 jobs in the county. Its representations to the Government were rewarded in April 1979 by a decision to make the county eligible for the Tourism Act grants scheme.

This has encouraged a useful growth in the amount of hotel and guest house accommodation. Much of it has been modest but new hotels have been opened in Newport and Cwbran, and a start has been made on a major new holiday complex near Monmouth. There has also been a similar growth in the number of sites available for touring caravans and campers.

The centrepiece of the effort to turn Gwent's unique industrial past to local advantage is the opening of the underground workings and surface facilities at Big Pit, Blaenavon, as a museum for the whole of the South Wales coalfield.

It is an ambitious project. Big Pit was only closed as a working mine in 1980, and it has required expenditure of £1m to make it safe for the public to visit. This development cash has come from a variety of sources, including Torfaen and Gwent councils, the Wales Tourist Board, the European Regional Development Fund and, last but not least, the National Coal Board.

The opening is scheduled to take place in March, next year. The Big Pit Museum Trust, which has been established to develop and manage the museum, is expecting as many as 100,000 visitors in the first year. The degree of interest is already very strong.

Some 3,000 visitors turned up this year to see the surface workings without the encouragement of advertising. In the longer run, there are predictions that Big Pit could attract as many as 200,000 visitors a year. The scheme is already providing employment for 20, including some of Big Pit's former miners.

There are also moves afoot to save the railway line which used to carry the coal from Big Pit down to Pontypool and the coast.

Even if this fails, it is still planned to run a steam train on a mile of track immediately adjacent to the colliery. The National Heritage Memorial Fund has stepped in to help purchase a steam engine and offers of rolling stock have been received from other parts of the country; buildings on the site also offer considerable scope for the development of craft workshops.

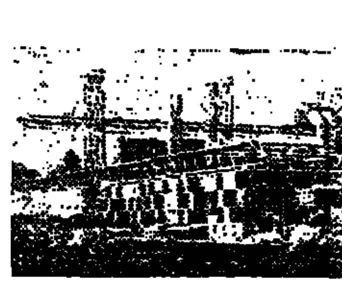
Although Big Pit is likely to provide the main pulling power, visitors once they have arrived will find a number of other major attractions in the vicinity. The Welsh Office is in the process of restoring an 18th-century ironworks at Blaenavon, which is the best preserved example of its kind, complete with workers' cottages and trucking shop.

Across the valley is the site where Gilchrist Thomas discovered how to make steel from phosphoric iron ore by adding limestone during the smelting process. This provided the key to the heavy expansion of the world's steel industry thereafter. Andrew Carnegie, the U.S. ironmaster, paid £250,000 for the formula in 1880, describing it as having done more for Britain's greatness than all the kings and queens put together.

Another attraction is the town of Blaenavon itself, the only one in the South Wales valleys to have retained its 19th century character, as well as a number of facilities developed by the Torfaen Museum Trust. These include a permanent interpretive centre of the history of Gwent's eastern valley at Pontypool Park House, the restored junction area of the Monmouth, Brecon and Abergavenny canals and a row of early 19th century workers' cottages.

Marketing of the whole experience to the tourist industry is already underway and has had a very good response. One operator, Enrichment Travel, has agreed to launch an "industrial discovery weekend" in association with the county council and Wales Tourist Board. The package will also feature in the WTB's home-coming promotion in the U.S. market over the coming months.

Interestingly, the usual pattern has been for the package tourist industry to be drawn to attractions already popular with freewheeling tourists. As far as Gwent's industrial archeology is concerned, however, it looks like becoming the pacesetter.



The old and new: Right the Big Pit Museum, Blaenavon, a tribute to the South Wales coalfield. Below, the new Inmos plant at Newport

Waiting for a vital ingredient

GWENT IS SLOWLY coming to terms with the fact that its economic problems are not going to be solved quickly. There were hopes at one stage that the level of unemployment could be significantly dented by the siting of Nissan's—now shelved—European car plant. One of the short-listed sites was close to Llanwern and the other between Newport and Cardiff.

Gwent has also been long urging the building of a new international gateway airport in the Severn estuary, in preference to a third London airport. A £20,000 feasibility study has been submitted to the Stansted inquiry, arguing that it provides a better alternative. For £500m, spent mainly on land reclamation, London could have a safer airport (landings would be over water) and minimal noise pollution.

Passenger delays on the ground would be removed by carrying out custom checks on the train. With the multiplier effect, the project could ultimately create up to 50,000 jobs. But the proposal has yet to find favour as an option in government and Whitehall circles.

The Severn barrage is another major employment generator, although the effects would be mainly felt further west, should this civil engineers dream to harness the strongest tide in Europe ever get the go-ahead. At present, the Government is being asked to sanction a £20m feasibility investigation.

Whatever the ultimate fate of these more grandiose projects, Gwent is meanwhile being subjected to an unprecedented effort to strengthen and broaden its economic base. The ground is being prepared for the county to take maximum advantage of any improvements in the economic climate and for it to compete vigorously in the fight for new growth industries. The ventures already mentioned are only four among a host of new companies which have been moving into the county even at the worst moments of the recession.

Attractions

Among Gwent's attractions are, first, the availability of premises in good locations. The county currently has approaching 2m sq ft of empty space, and a sizeable proportion of it is new. The Welsh Development Agency has built more than 170 factories in the county since the agency was established in 1976, and nearly half of them have been completed in the past year.

The steel rundown at Ebbw Vale resulted in a special effort, including the construction of a major new estate, Rassau, where 22 of the 27 factory units built so far have been filled by companies involved in a wide range of activities.

More recently, there has been a crash building programme in the Newport area of 139 factories, of which 114 are finished and 25 under construction. The agency has also acquired a 180-acre site adjacent to the Llanwern steel plant where it eventually plans to provide nearly 2m sq ft of factories and warehousing or enough space to support 6,000 new jobs.

Cwmbran New Town Corporation is also contributing through the building of a brand new industrial park at Llantarnam, on the southern outskirts of the town. A total of 35 companies have already taken units to make products ranging from specialist cars to gaming machines. Another 22 companies are negotiating for units on the site.

Torfaen Borough Council is in the process of building a further 27 units on its successful Pontnewynydd Estate which will provide a total of 40,000 sq ft of new floor space by next April. The council is also offering the added incentive of an EEC backed six month wages subsidy for every new job created.

BSC (Industry) has also been very active. The first of its popular workshops for fledgling businesses was established at Brynmawr, near Ebbw Vale, and it is now preparing another complex near Newport.

A second attraction has been the generous grants and loans package available in most parts of the county. Blaenau Gwent is a special development area qualifying incoming industry for maximum aid. The Newport area was upgraded to development area following the Llanwern job losses.

In addition, the fact that the steel rundown has been responsible for a significant part of the county's employment difficulties, qualifies Gwent for the exceptionally cheap loans available from the European Coal and Steel Community. The Welsh Office Industry Department is also in a position to give selective financial assistance towards many ventures.

Third is the sharp improvement in the country's communications infrastructure. The big breakthrough was, of course, the opening of the Severn bridge 15 years ago. Combined with the introduction of British Rail's high speed train link introduced in the early 1970s, bringing London within little more than one and a half hours journey time, it has put Gwent in an excellent position to benefit from the strong economic growth taking place along the M4 motorway corridor.

Hardly less important is the removal of irritating potential bottlenecks within the county itself which is now going ahead rapidly. Recent completions include the long overdue improvement of the Raglan-Abergavenny trunk road—a vital link for the heads of the valleys—with the Midlands and South East, and the New Inn bypass.

Fourth is a good education infrastructure, anxious to cater for the needs of incoming industry. The Gwent College of Further Education, for example, was used by Ford as training centre for its new European engine plant at Bridgend. The college is now developing courses in robotics. The county council has switched £1m into equipment and courses for the new technologies.

The missing ingredient at present is, of course, a more buoyant economy to mobilise this overall package. But given recovery, Gwent is without doubt better prepared than ever before to take advantage of it.

WORLD STOCK MARKETS

Dow up 5.5 at mid-session

A REDUCTION in prime rate by a large commercial bank and optimism that the Federal Reserve system will not tighten monetary policy over the near term gave Wall Street a lift in reasonably active early trading yesterday.

The Dow Jones Industrial Average recorded an improvement of 5.52 at 928.42 at 1 pm, while the NYSE All Common Index was ahead 30 cents at $71.18. Trading volume expanded to 47.16m shares from Monday's 1 pm level of 30.95m.

"The feeling is that the direction of short-term interest rates is lower and, with business still bad, the Fed is unlikely to tighten monetary policy," said Michael Metz, of Oppenheimer and Co.

Bankers Trust early yesterday lowered its prime rate to 13 per cent from an industry-wide level of 13½ per cent.

Among the strongest performers were Loews, up 3⅞ to $122¾, Anheuser-Busch 2⅜ to $62½, Martin Marietta, 2⅜ to $37⅞, and Cooper Laboratories, 2¼ to $45½.

Quaker Oats gained 1⅝ to $41. The company could not explain the reason for the stock's rise.

However, Hillenbrand fell 2¼ to $28. It reported lower third-quarter profits, which also fell below estimates of some industry analysts.

McDonald's, which is suing Burger King over its latest advertising campaign, declined 1⅝ to $84½.

THE AMERICAN SE Market Value Index edged up 0.15 to 289.34 at 1 pm. Volume 3.44m shares (2.04m).

Canada

Shares were mixed at mid-session after moving within a narrow range most of the morning in moderate activity.

The Toronto Composite Index lost a modest 1.5 at 1,633.7 at noon, while Oil and Gas shed 3.5 to 2,814.6 but Golds recovered 7.0 to 2,601.8.

Closing prices for North America were not available for this edition.

Germany

The market recovered a fair portion of Monday's record day's decline as investors regained some confidence that a Centre-Right coalition would oust Chancellor Helmut Schmidt's Government this Friday. The Commerzbank index, after dropping 25.2 the previous day, rallied 12.7 to 697.6.

Investor hopes were dashed over the weekend when the Christian Democrats, the favourites of the business community, failed to achieve a majority in the critical Hesse State election.

However, the market is now anticipating a vote between the Christian Democrats and the Free Democrats to topple Chancellor Schmidt's minority Government of Social Democrats.

Dresdner Bank recouped DM 2.20 at DM 119.80, while Engineerings had KHD up DM 5.30 at DM 190.80. In Chemicals, BASF picked up DM 2.50 to DM 115.20, while Electricals concern Siemens retrieved DM 5.80 at DM 244, Constructor Holzmann DM 6 at DM 433, Steels issue Thyssen DM 2.50 at DM 79 and BMW DM 3.80 at DM 192.

Bond prices also partially recovered, with Domestic issues posting gains to 35 pfennigs compared to falls averaging 75 pfennigs on Monday. The Bundesbank sold DM 15.7m of Public Sector Bonds after purchases of DM 137.1m on Monday.

Tokyo

The yen's continued fall yesterday against the U.S. dollar further undermined the stock market, which retreated for the fourth consecutive session in very thin dealings.

The Nikkei-Dow Jones Average finished 34.99 weaker at 6,940.51 for a four-day drop of 130.59. The Tokyo SE index declined 1.91 more to 523.14, making a fall over the past four days of 8.13. Volume further dwindled to 140m shares from Monday's 150m.

Computer Makers, Steels, Precision Instruments, Shipbuilders, Light Electricals, High Technology issues, Oils and Non-Ferrous Metals were sold.

Hitachi shed Y7 to Y613, Fujitsu Y8 to Y802, Mitsubishi Heavy Y7 to Y170, Pioneer Y30 to Y1,670, Olympus Y40 to Y1,040 and Sumitomo Metal Y5 to Y120.

Among High Technology issues, Yaskawa Electric receded Y12 to Y508, Sumitomo Electric Y9 to Y526 and Kyoto Ceramic Y50 to Y3,770.

Many market players were selling the shares of those companies that are expecting serious earnings declines. Nippon Steel shed Y3 to Y126, edging closer to this year's low of Y124, on news of a surge in steel industry inventories. Another example was Mitsukoshi, down Y8 at Y338, which is saddled with accumulating inventories. Oil companies were also grouped in this category. Koa Oil weakened Y15 to Y400, Maruzen Oil Y14 to Y155 and Teikoku Oil Y13 to Y847.

In contrast, Dainippon Pharmaceutical surged ahead Y100 to Y1,500 on expectations of better earnings with the support of a newly developed anti-cancer drug. The buying spread to such others as Asahi Chemical and Toyojozo that are also involved in the development of anti-cancer drugs. Their price gains were small, however.

Motor shares Toyota, Y856, and Honda, Y744, improved about Y5 apiece on news that U.S. subsidiaries of Japanese car makers have been posting strong earnings due to very substantial foreign exchange gains stemming from the yen's depreciation. A Japanese news report said Honda is doing especially well in the U.S.

Hong Kong

Monday's drop in share prices was sharply extended at the outset yesterday, but the market ended well above the day's worst on subsequent short-covering and some bargain hunting.

The market fell the previous day on concern arising from the lack of positive developments emerging from the recent Sino-British talks in Peking on the Hong Kong lease issue. It was further depressed early yesterday by the lack of positive news from British Prime Minister Margaret Thatcher's press conference, held in the Colony following her Peking talks.

Another undermining factor for the stock markets was the record low set by the Hong Kong dollar against the U.S. unit at the opening yesterday.

Trading was mainly confined to Blue hCip issues. The Hang Seng index, after falling about 84 points on Monday, retreated some 55 points more during the morning before rallying to close 23.96 lower on the day at 988.66. The last time the index closed below the 1,000 level was on August 17.

Turnover on the four exchanges came to HK$312.34m, compared with HK$297.33m the previous day.

Paris

Shares were mixed to lower in quiet trading, with sentiment depressed by yesterday's rise in the value of the U.S. dollar against the French franc. A pessimistic industrial forecast published by the National Statistics Institute (INSEE) also sapped confidence.

Australia

Markets continued to recede in thin trading after last week's firm performance.

The further sharp fall in international Bullion prices kept Gold Mining shares under selling pressure. A pullback in the Industrials group, which fared well the previous week, was attributed to a belief that the buyers last week had overreached themselves on interest rate hopes.

The All Ordinaries Index eased 2.9 more to 511.7, Industrials 4.4 to 649.0, Oil and Gas 8.4 to 498.3 and Metals and Minerals 2.4 to 407.8.

NEW YORK

Indices

CANADA

DENMARK

HOLLAND (continued)

AUSTRALIA

JAPAN (Continued)

FRANCE

ITALY

NORWAY

GERMANY

SPAIN

HONG KONG

SINGAPORE

AUSTRIA

SWEDEN

JAPAN

SOUTH AFRICA

BELGIUM/LUXEMBOURG

SWITZERLAND

HOLLAND

BRAZIL

Booming Gilt-edged securities near 10-year high and main FT-Actuaries indices at new record levels

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 20	Sept 30	Oct 1	Oct 11
Oct 4	Oct 14	Oct 15	Oct 25
Oct 18	Oct 28	Oct 29	Nov 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

Booming Gilt-edged securities and selectively strong equities was the London stock market's response yesterday to brighter prospects of lower interest rates. The UK authorities again signalled approval of cheaper money by cutting money market intervention rates for the second day running and, although seven-day money rates rose yesterday for technical reasons, pressures mounted on the clearing banks to reduce base rate levels.

Severe stock shortage accelerated the upward momentum as Government stock prices continued their adjustment to a lower yield basis. The untapped longer end of the market provided the major movements with current favourite trading stocks advancing a point and sometimes more. The shorts were also more impressive than recently, despite money market technicalities and a tendency to reserve funds for today's short-medium tap stock issue.

Tenders for the new £1bn Exchequer 10½ per cent 1988 are likely to be heavy and may result in an oversubscription. With only £20 payable on application, the acceptance price is almost certain to be above the minimum tender level of 98. Measuring the all-round strength of the Gilt-edged sector, the FT Government Securities index advanced 0.61 more to 79.73, only 0.13 short of its highest level for more than ten years. Late reports of a U.S. Prime rate cut to 13 per cent ensured maintenance of the strong tone after the official 3.30 pm close.

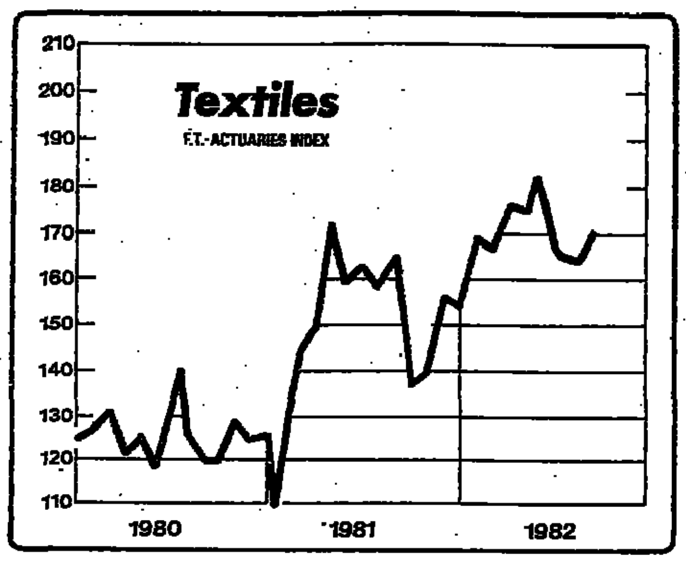
Equities lacked the sparkle of Gilts but leading shares went higher on selective investment support. This was again directed mainly at consumer-orientated stocks such as Food Retailers, Breweries and Multiple Stores, sellers of which were extremely reluctant. Leading Pharmaceuticals were also outstandingly strong, but Properties continued to lag and Life Insurances turned distinctly dull on the possibility of a commissions war.

Favourable Wall Street advices early yesterday underpinned the late tone and all three main FT-Actuaries indices attained new records, while the narrower-based FT Industrial Ordinary share index moved nearer to its best-ever level (597.3) with a rise of 7.1 to 587.6.

Further light profit-taking in a market lacking support took its toll on Chinese bonds. Several fell two points, including 4½ per cent 1898 to £13 and 5 per cent 1912 to £12.

Life issues down

Fears of a commission war following the Life-Officers Association and the Associated Scottish Life Offices' threat to abandon the commission agreement at the end of the year brought weakness to the recently firm Life Insurance sector. **Equity and Law** retreated to 512p before closing a net 14 down at 518p, while **Sun Life** fell 10 to 404p, after 402p, and **Prudential** 9 to 299p. **Britannic** cheapened 8 to 264p, **Legal and General** 7 to 290p and **Hambro Life** 6 to 268p, after 264p. Composites lacked support with **Phoenix** closing 6 easier at 278p and **Eagle Star** a few pence lower at 316p.



The major clearing banks regained some composure after the previous day's decline on adverse comment. **NatWest** hardened 3 to 418p and **Midland** edged forward 2 to 282p.

Another good demand in the Brewery sector was reflected in widespread gains throughout the list. Rises, however, were often accentuated by a shortage of stock. **Bass**, 266p, and **Grand Metropolitan**, 292p, up 10 apiece, featured among the leaders. **Distillers** closed 4 higher at 228p, while **A. Bell** put on 6 to 226p. Revived demand in an extremely thin market lifted **HP Bulmer** 30 to 705p.

The prospect of lower interest rates imparted fresh firmness to Buildings. **Barratt Developments** were again prominent, rising 7 to a 1982 peak of 361p. On the other hand, **George Wimpey** remained a nervous market ahead of tomorrow's interim results and slipped to 105p before closing unchanged at 106p. **Redland** came in for support and gained 4 to 198p, as did **RMC**, to 280p: the latter's half-year results are due today. **IDC** jumped to 104p before closing just a penny up at 97p, the Board's cautious statement eclipsing the sharply increased interim profits. **Trent Holdings** put on 3 to 75p following the annual meeting, while **Phoenix Timber** gained 6 to 60p on revived speculation interest.

ICI attracted a reasonable two-way business and moved between 296p and 300p before closing unaltered at 298p, while **Laporte** put on 5 to a 1982 peak of 183p.

Stores better

Renewed interest rate optimism induced fresh support for Stores. **Marks and Spencer** rose 5 to a 1982 peak of 211p, while **Gussies A** advanced 13 to 625p. Awaiting today's interim figures, **House of Fraser** rallied 4 to 164p, while **Dixons Photographic** rose 7 to 205p in response to a broker's recommendation. **Harris Queensway** gained 10 to 264p as did **Lee Cooper**, to 110p, and **Martin the Newsagent**, to 236p. Against the trend, **F. W. Woolworth** cheapened 3 to 68p, after 65p, in the absence of bid developments.

Electricals paraded numerous firm features. Comment on the group's Chinese telecommunications deal helped **Cable and Wireless** to advance 13 more for a two-day jump of 20 to 348p, while **Plessey** gained 13 to 595p on further consideration of the group's move into the U.S. telecommunications market. **Fifteen** issues came in for some good support, the Ordinary and A rising 13 apiece to the common level of 156p, while **AB Electronic** gained 8 to 280p in anticipation of today's preliminary figures. **Cambridge** gained 9 to 172p and **Ferranti** 7 to 497p. **Oceonics**, which made a spectacular return last Friday to the Unlisted Securities Market following the acquisition of the Hong Kong-based Geomex, advanced 20 to an all-time high of 530p.

Leading Engineerings put on another uninspiring performance, although quotations usually closed a shade firmer. Among the scattered mixed movements elsewhere in the sector, **Acrow** fell 6 to 48p and the A shares 6½ to 14½p to the accompaniment of adverse rumours. Comment on the interim results prompted a fall of 3 to 42p in **Metalrax**, but **William Boulton** responded to the reduced interim loss and the encouraging tenor of the statement on the outlook with a rise of 1¼ to 7p. Occasional support lifted **Pegler-Hattersly** 5 to 234p.

Food Retailers shrugged aside recent worries about another price war. **J. Sainsbury** featured with a jump of 18 to a 1982 peak of 105p, while **Associated Dairies** gained 6 to 156p. Recently depressed **Kwik Save** rallied 6 to 286p, while **Tesco** firmed 2 to a high for the year of 85p. **Bejam** put on 5 to 150p and **Linfood** 8 to a 1982 peak of 240p. Revived demand lifted **Unigate** 3 to 90p and **Rowntree Mackintosh** 4 to 210p.

Further buying on speculation about the late Sir Maxwell Joseph's stake in the company helped **Norfolk Capital** to add a penny more to 29p.

Glaxo below best

Glaxo and **Beecham** stood out among the firm miscellaneous industrial leaders; the former touched a peak of 850p before closing a net 25 higher at 840p following demand ahead of the preliminary results expected next month. Beecham rose 13 to 361p, after a high of 362p. Elsewhere, **British Aerospace** closed 9 dearer at 242p on late details of a further U.S. navy contract, while **Whatman Reeve Angel** improved 10 to 410p awaiting today's interim statement. Dry-cleaning shares were well to the fore again, led by **Sketchley** which rose 7 to a 1982 peak of 237p, while **Initial Services** firmed 10 to 315p. News that the group's finance director has been replaced failed to deter buyers of **Sotheby's** which rose 5 to 292p, after 295p, while investment support lifted **Wolseley-Hughes** 11 to 409p. **Foseco Minsep**, on the other hand, dropped 14, making a two-day relapse of 24 to 133p, following comment on the first-half figures. **Hoskins and Horton** eased a few pence to 114p after the uninspiring half-yearly statement and **Dinkie Heel** came on offer and eased 1½ to 6p.

Buying in front of tomorrow's preliminary results lifted **HTV** 5 to a 1982 peak of 165p. Elsewhere in the Leisure sector, **Riley Leisure** put on 4 to 103p.

Charles Hurst provided a late firm feature in otherwise subdued Motor Distributors, gaining 5 to 50p on the return to profitability at the half-way stage.

Moving sharply against the generally firm trend in Properties, **Slough Estates** came under selling pressure and shed 5 to 94p; the 10 per cent Convertible lost 10 points to 213. **Brixton Estate** gave up 4 to 100p despite a broker's bullish circular. **Samuel** put on 3 to 90p; the company is linked by one of its subsidiaries to Superior Oil's North Sea oil discovery.

Oils subdued

Trading conditions remained subdued in the Oil sector. Inclined firmer initially, quotations subsequently drifted easier and finished the day with small falls on balance. **BP**, however, managed a gain of 2 at 288p, after 290p. **Shell**, on the other hand, ended without alteration at 404p, after 408p. **Burmah** eased 3 to 124p and **Lasmo** 8 to 340p. Renewed offerings left **Tricentrol** new shares 7 lower at 5p premium.

Money brokers trended firmer again, **Mills and Allen** rising 13 to 490p, **Mercantile House** 5 to 415p and **R. P. Martin** a few pence to 384p. Elsewhere in Financials, fresh selling left **London Merchant Securities** 3 lower at 46p, while **Bonusbond** fell 4 to 43p on the interim loss.

Shippings were noteworthy for renewed dullness in **Ocean Transport**, down 2 more at 80p, after 79p.

Tobaccos traded firmly, **Bats** edging up 4 further to 573p for a two-day gain of 23p. **Rothmans** came to life with a rise of 4 to 114p and **Imps** hardened a penny to 108p.

South African Golds put on a creditable performance in view of the recent weakness in the bullion price. The latter, which fell to $404.50 an ounce in overnight U.S. markets, initially dipped to $405 in London before closing unchanged on balance at $412.50.

The sharemarket remained highly sensitive. Initially marked down, prices picked up throughout the day on light but persistent buying in a thin market. The Gold Mines index responded with a gain of 2.1 to 359.9.

Heavyweights continued to attract good support, notably **Libanon**, ½ firmer at a 1982 high of £13½. **Hartebeest**, a like amount up at 31 and **Free State Geduld**, ½ better at £19½.

The first batch of reports for the third quarter, those of the mines in the Gold Fields group, are due to be published on Friday week.

Financials were quietly steady. London issues were boosted by the gains in Golds and the strength of UK equities. **Gold Fields** improved 7 to 425p and **Rio Tinto-Zinc** a similar amount to 434p.

In South African Financials, **De Beers** met renewed profit-taking and gave up 5 more to 277p—a two-day decline of 21. The Bermuda-registered **Minorco** fell 9 to 431p—full-year results are due next Tuesday.

Business volume in Traded Options improved considerably with 2,041 contracts done yesterday compared with the previous day's 1,050. The total comprised of 1,714 calls and 327 puts with 337 calls completed in Grand Metropolitan—123 in the October 280 and 129 in the October 300. Marks and Spencer recorded 330 calls, 145 in the October 200.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 27	Oct 8	Dec 23	Jan 10
Oct 11	Oct 22	Jan 13	Jan 24
Oct 25	Nov 5	Jan 27	Feb 7

For rate indications see end of Share Information Service

Money was given for the call of Grand Metropolitan, Stocklake, Polly Peck, Cope Allman, I. and J. Hyman, BTR, Tricentrol, Sidlaw, Sound Diffusion, London and Liverpool Trust, Woolworth, Double Eagle, Lonrho, Avon Rubber, Acrow A, John Brown and LRC International. Puts were arranged in Unilever, Woolworth, Bass and Hawker, while double options were transacted in Woolworth, Sidlaw and Marshall's Universal.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	78	—	15
Corpns. Dom. and Foreign Bonds	20	5	50
Industrials	337	160	831
Financial and Prop.	117	90	308
Oils	9	[illegible]	65
Plantations	1	4	18
Mines	39	27	85
Others	75	21	53
Totals	682	336	1,423

FINANCIAL TIMES STOCK INDICES

	Sept. 28	Sept. 27	Sept. 24	Sept. 23	Sept. 22	Sept. 21	A year ago
Government Secs.	79.75	79.12	78.80	79.05	79.03	78.38	60.88
Fixed Interest	79.98	79.67	79.65	79.57	79.50	79.14	62.24
Industrial Ord.	587.6	580.5	581.5	577.2	582.6	576.2	481.2
Gold Mines	359.9	357.8	370.6	367.2	364.4	345.6	370.5
Ord. Div. Yield	4.88	4.95	4.95	5.00	4.97	5.03	6.25
Earnings, Yld.% (full)	10.80	10.97	10.96	11.06	11.00	11.14	10.65
P/E Ratio (net) (*)	11.10	10.93	10.94	10.84	10.90	10.77	12.04
Total bargains	19,104	18,345	18,473	17,370	17,665	16,977	32,045
Equity turnover £m.	—	140.07	164.06	142.38	165.67	140.22	171.35
Equity bargains	—	14,534	14,561	13,431	12,774	13,827	27,282
Shares traded (ml)	—	99.5	115.8	98.5	109.8	97.1	128.9

10 am 583.5. 11 am 585.1. Noon 585.7. 1 pm 585.5. 2 pm 585.7. 3 pm 586.0.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=10.34.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	79.75 (28/9)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	79.98 (28/9)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	596.2 (3/9)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	372.8 (7/9)	181.2 (22/6)	558.9 (22/9/80)	43.5 (28/10/71)

S.E. ACTIVITY

	Sept. 27	Sept. 24
—Daily Gilt Edged Bargains	230.4	227.5
Equities Bargains	94.2	94.3
Value	283.1	331.6
5-day Avrge. Gilt-Edged Bargains	225.8	217.4
Equities Bargains	89.5	86.1
Value	304.2	291.6

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	82½	65	Antofagasta Hldgs(£1)	65	......	7.0	3.6	15.4	2.0
—	F.P.	—	24	22	Beradin Holdings 5p	25	......	0.65	1.3	4.0	24.7
[illegible]	F.P.	—	8	6½	✻BerkeleyH.H.Inv1 8p	6½	......	—	—	—	—
53	F.P.	7/9	78	44	✻Bio-Isolates 10p	66	+1	—	—	—	—
90	F.P.	—	99	92	✻Breville Europe 10p	93	−1	u4.9	2.2	7.5	8.8
§35	F.P.	10/9	45	38	✻Coleman Milne 10p	44	......	u1.5	3.2	4.9	7.1
[illegible]	F.P.	—	31	27	✻Delmar Group	27	......	u1.68	2.4	8.9	6.7
—	F.P.	29/11	106	87	✻Ecobric New Ord£1	102	−3	bd0.5	1.8	14.7	4.5
—	F.P.	—	63	55	✻ Do. Defd.	60	......	—	—	—	—
§10	F.P.	—	18½	15½	✻F.K.I. Elect. 10p	18½	+1	b0.2	4.8	1.5	18.2
80	F.P.	24/9	64	48	✻Hadson Pet. Int.5p	58	−2	—	—	—	—
§110	F.P.	17/9	182	159	✻Int'europeTech.20p	168	+1	u4.0	1.8	3.4	23.5
—	F.P.	—	25	20	RIT & NorthernWar'ts	24	+1	—	—	—	—
—	F.P.	—	24	20	Rvr Plate & Gen.Wrrts	20	......	—	—	—	—
—	F.P.	—	£36	£36	Rorento N/V FL 50	£36	......	—	—	—	—
[illegible]	F.P.	—	13	10	✻Sheraton Secs 10p	11	......	—	—	—	—
—	F.P.	—	24	22	Twinlock 10p	24	......	—	—	—	10.1

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	—	95p	90p	Anglo Indonesian 9½% Cnv. Com.Pref.	93p	−2
[illegible]	F.P.	—	60p	52p	Antofagasta 5.5% Pref.(£1)	55p	—
97.504	£25	4/3	26¼	24	BOC 12¼% Uns. Ln. 2012-17	26¼	+¾
105	F.P.	—	106½	105	Credit National Br. 13½% 1989	106½	+¼
97.058	£20	8/12	22	19¾	Electricite de France 12½% Ln. 2008	21¼	−⅛
96.594	£25	—	26½	24½	Hydro Quebec 12¾% Ln. 2015	26¼	+1
97.705	£25	18/2	28¾	25	MEPC 12% Fst. Mort. Deb. 2017	28¾	+¾
§100	F.P.	—	101	100½	Mid-Sussex Water 12½% Red. 87/89	101	+½
100	F.P.	—	100⅝	99½	Nationwide Bdg. Soc. 11⅞% (15/8/83)	100⅜	—
100	F.P.	—	100⅛	99⅞	Do. Do. 11¼% (30/8/83)	100	—
100	F.P.	—	100	100	Do. Do. 11⅜% (3/10/83)	100	—
99.925	£25	—	26	25¼	Std Chart.12⅞ Sub Ord Uns Ln 2002/7	26	+⅛
—	F.P.	—	94	93	Twinlock 15% Uns. Ln.	94	—

"RIGHTS" OFFERS

Issue price	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ⊘	1982 High	1982 Low	Stock	Closing price	+ or −
21	Nil	11/10	19/11	10½pm	8pm	Munton Bros. 10p	10½pm	—
12½	Nil	—	—	¼pm	⅛pm	N.M.C. Invs. 12½p	¼pm	—
1	F.P.	22/9	19/10	2	1¼	Spong	1⅞	−⅛
170	Nil	5/10	11/11	26pm	5pm	Tricentrol	5pm	−7
25	F.P.	8/10	19/11	29	27½	U.U. Textiles	27½	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *p* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. ⊘ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barratt Dev.	361	+ 7	ICI	298	—
Bass	266	+10	Plessey	595	+13
Beecham	361	+13	Prudential	299	− 9
Eagle Star	316	− 3	Sainsbury (J.)	405	+18
Glaxo	840	+25	Whitbread A	144	+ 4
Grand Met	292	+10	Woolworth	68	− 3

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Polly Peck	28	547	+17	GUS "A"	11	612	+ 4
BAT Inds	21	569	+19	Brnett Halmshr	10	870	−10
Cable & Wire	14	335	+ 7	Grand Met	10	282	+ 3
Woolworth	14	71	—	Imperial Group	10	107	+ 2
Hawker Sid	13	336	−22	Link House	10	270	+37
Beecham	12	348	+ 6	Lloyds Bank	9	382	−18
Glaxo	12	815	+ 6	Pilkington	9	170	−10

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues Sept 28 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Sept 27 Index No.	Fri Sept 24 Index No.	Thurs Sept 23 Index No.	Wed Sept 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	435.85	+1.1	8.87	3.86	14.07	431.31	432.67	430.09	430.33	310.43
2	Building Materials (23)	352.43	+0.8	11.99	5.25	10.03	349.53	350.86	348.51	347.48	273.89
3	Contracting, Construction (28)	650.61	+0.5	14.04	4.75	8.45	647.14	648.77	648.32	652.33	482.65
4	Electricals (31)	1861.51	+1.6	5.79	1.75	22.66	1831.41	1830.63	1814.90	1805.96	1039.84
5	Engineering Contractors (11)	456.02	+0.6	14.93	6.70	8.04	453.22	457.09	458.31	462.97	415.39
6	Mechanical Engineering (67)	197.40	+0.4	12.28	5.99	9.80	196.53	199.18	198.91	200.71	174.28
8	Metals and Metal Forming (11)	137.67	−0.4	15.26	9.04	7.92	138.16	138.54	137.77	140.94	145.08
9	Motors (20)	76.23	+0.3	3.23	9.01	—	75.97	76.67	76.79	77.16	89.41
10	Other Industrial Materials (18)	351.37	+0.2	9.47	5.96	13.31	350.57	352.04	349.44	351.51	324.22
21	CONSUMER GROUP (202)	371.97	+1.8	10.92	4.70	11.06	365.34	363.46	359.69	359.95	247.47
22	Brewers and Distillers (22)	406.03	+2.4	11.74	5.12	10.35	396.41	395.69	391.29	390.15	260.31
25	Food Manufacturing (22)	307.20	+1.2	15.03	5.93	7.78	303.42	302.09	301.78	302.48	236.53
26	Food Retailing (14)	777.31	+3.5	7.71	2.89	16.19	750.81	745.66	761.31	759.94	482.21
27	Health and Household Products (9)	584.33	+3.0	6.08	2.97	19.32	567.49	561.17	552.05	553.27	304.31
29	Leisure (23)	437.53	+0.7	9.58	5.34	13.22	434.41	436.13	434.08	439.44	381.87
32	Newspapers, Publishing (13)	539.07	+0.1	11.97	5.95	10.39	538.50	532.55	532.20	529.38	426.11
33	Packaging and Paper (14)	142.01	+0.5	17.71	7.82	6.52	141.26	141.32	140.51	141.59	123.05
34	Stores (45)	357.85	+1.5	8.14	3.92	16.31	352.65	352.02	344.27	342.13	226.80
35	Textiles (23)	170.31	+0.6	13.56	6.30	8.97	169.31	169.71	167.25	166.83	138.49
36	Tobaccos (3)	412.11	+1.0	20.83	6.71	5.32	408.20	397.00	391.99	398.79	246.41
39	Other Consumer (14)	294.01	+1.1	4.30	5.33	63.32	290.94	289.13	287.01	284.00	240.83
41	OTHER GROUPS (76)	269.42	+0.8	12.88	6.33	9.34	267.25	266.82	263.93	265.32	280.65
42	Chemicals (15)	346.02	+0.3	14.39	6.99	8.26	345.11	344.57	339.71	343.63	263.47
44	Office Equipment (4)	97.40	+0.4	16.70	8.95	7.35	97.05	98.41	98.34	99.92	98.09
45	Shipping and Transport (13)	533.67	−0.2	16.49	7.88	7.20	534.71	538.53	542.00	546.91	447.15
46	Miscellaneous (44)	375.83	+1.6	10.29	5.08	11.89	369.95	367.90	362.98	362.87	254.52
49	INDUSTRIAL GROUP (487)	379.28	+1.4	10.41	4.59	11.72	373.99	373.36	370.07	370.51	262.38
51	Oils (13)	701.26	+0.3	18.64	8.39	6.26	699.39	702.97	701.86	703.11	608.47
59	500 SHARE INDEX	405.79	+1.3	11.54	5.11	10.46	400.75	400.46	397.34	397.85	290.47
61	FINANCIAL GROUP (117)	251.87	−0.5	—	6.91	—	253.04	255.84	255.01	256.55	231.24
62	Banks (6)	259.31	+0.4	39.00	9.23	2.82	258.39	265.16	264.97	267.65	246.44
63	Discount Houses (9)	279.87	−0.5	—	8.35	—	281.36	283.92	286.16	282.80	227.70
65	Insurance (Life) (9)	303.60	−2.5	—	6.23	—	311.41	311.35	307.02	313.48	249.61
66	Insurance (Composite) (10)	161.83	−0.9	—	8.79	—	163.29	164.17	163.60	165.86	152.71
67	Insurance Brokers (7)	530.52	+0.7	11.82	5.00	11.82	526.64	524.61	515.29	519.98	387.71
68	Merchant Banks (12)	143.21	+0.2	—	6.19	—	142.86	143.98	144.09	144.59	133.29
69	Property (49)	413.95	−0.2	5.65	3.98	23.68	414.72	419.13	417.55	414.22	396.23
70	Other Financial (15)	161.92	−0.2	15.89	7.09	7.41	162.19	164.93	168.06	166.62	152.62
71	Investment Trusts (111)	321.35	+0.6	—	5.12	—	319.42	320.51	319.18	319.31	268.36
81	Mining Finance (4)	215.78	+1.5	10.66	6.59	12.23	212.49	213.88	216.24	217.07	231.67
91	Overseas Traders (18)	360.08	−0.5	14.23	8.86	8.60	362.04	362.91	364.27	366.82	382.21
99	ALL-SHARE INDEX (750)	364.37	+0.9	—	5.47	—	361.00	361.55	359.25	360.01	278.69

FIXED INTEREST

	PRICE INDICES	Tues Sept 28	Day's change %	Mon Sept 27	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	118.55	+0.21	118.29	—	8.66
2	5-15 years	127.65	+0.83	126.60	—	10.47
3	Over 15 years	136.56	+0.93	135.31	—	10.52
4	Irredeemables	141.03	+1.31	139.20	—	8.90
5	All Stocks	127.23	+0.69	126.36	—	9.89
6	Debentures & Loans	99.51	+0.18	99.33	—	8.91
7	Preference	73.41	—	73.41	—	5.86

	AVERAGE GROSS REDEMPTION YIELDS		Tues Sept 28	Mon Sept 27	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.86	8.93	13.81
2		15 years	10.29	10.38	14.23
3		25 years	10.48	10.60	14.32
4	Medium Coupons	5 years	11.19	11.31	16.07
5		15 years	11.29	11.42	16.24
6		25 years	10.80	10.93	15.77
7	High Coupons	5 years	11.29	11.42	16.86
8		15 years	11.50	11.64	16.37
9		25 years	10.99	11.11	15.95
10	Irredeemables†		10.56	10.70	14.07
11	Debs & Loans	5 years	12.55	12.58	16.82
12		15 years	12.55	12.58	17.19
13		25 years	12.55	12.58	17.20
14	Preference†		13.30	13.30	16.65

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (203)

BRITISH FUNDS (36)
CORPORATION LOANS (1)
COM'WEALTH & AFRICAN LOANS (2)
LOANS (4)
FOREIGN BONDS (2)
AMERICANS (13)
BREWERS (19)
BUILDINGS (6)
CHEMICALS (1)
DRAPERY & STORES (22)
ELECTRICALS (18)
ENGINEERING (2)
FOODS (9)
HOTELS (2)
INDUSTRIALS (25)
INSURANCE (1)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (1)
PAPERS (3)
SHOES (1)
SOUTH AFRICANS (1)
TEXTILES (3)
TOBACCOS (2)
TRUSTS (26)
MINES (1)

NEW LOWS (39)

BANKS (1)
Standard Chartered
BUILDINGS (3)
Feb. Int. A Whittingham
Vectis Stone
CHEMICALS (1)
Blagden Inds.
STORES (2)
Lowland Drapery Time Products
ENGINEERING (10)
Abwood Cohen (A.)
Acrow I.M.I.
Do. A Redman Heenan
Bailey (C. H.) Robinson (T.)
Braham Millar 600 Group
INDUSTRIALS (8)
Brammer (H.) Reed Executive
Duple Int. Royal Worcester
Fanner (J. H.) Streeter
Foseco-Minsep Talbex
Peek Hldgs.
MOTORS (1)
Harrison (T. C.)
PROPERTY (2)
Austmark Int. McKay Secs.
SHIPPING (2)
Lyle Shipping Ocean Transport
SHOES (1)
Strong & Fisher
TEXTILES (1)
Carpets Int.
TRUSTS (3)
Camellia Invs. London Merchant
Bonusbond
OIL & GAS (2)
Anvil Pet. Brunswick Oil
OVERSEAS TRADERS (1)
Aust. Agricultural

Trent sees expansion in first half

Trent Holdings was very pleased with the strength of the demand for its products — both the established ones of fire resistant doors and the developing production of security doors —Mr Geoffrey Simon, chairman, told shareholders at the AGM.

The company's factory was being extended and additional plant installed to ensure that production would keep pace with demand.

"While I would not want to anticipate the exact figures for the six months to September 30, or the level of the interim dividend, I expect the results will be in excess of those for the same period last year," he said.

CURRENCIES and MONEY

Dollar advances

Dollar was again very firm, rising to record highs against the French franc and lira, another five-year peak against the Japanese yen, and the highest since August last year against the D-mark and Swiss franc. The record U.S. trade deficit in August, announced Monday, dampened early demand for the U.S. currency, but it moved up to new highs in the afternoon with the opening of U.S. markets, closing slightly below the best levels on news of the cut to 13 per cent from 13½ per cent in Bankers Trust prime rate.

Sterling eased towards the close, but may have been subject to intervention by the Bank of England as it rose earlier in the day against Continental currencies, despite falling to the lowest level against the dollar since December 1976.

DOLLAR — Trade-weighted index (Bank of England) 123.9 against 123.5 on Monday and 115.7 six months ago. Three-month Treasury bills 7.55 per cent (12.86 per cent six months ago). Annual inflation rate 6.5 per cent (7.1 per cent previous month)—The dollar rose to DM 2.5390 from DM 2.5360 against the D-mark; to FFr 7.17 from FFr 7.1695 against the French franc; to SwFr 2.1775 from SwFr 2.1755 in terms of the Swiss franc; and to Y269.75 from Y269.075 against the yen.

STERLING — Trade-weighted index 91.9, against 91.9 at noon, 92.0 at the opening, 91.9 at the previous close, and 90.9 six months ago. Three-month interbank 10¾ per cent (13$\frac{11}{16}$ per cent six months ago). Annual inflation 8 per cent (8.7 per cent previous month) — Sterling touched a low of $1.6925, before closing at $1.6940-1.6950, a fall of 30 points on the day. The pound touched a peak of DM 4.33 against the D-mark, where the Bank of England probably intervened to support the German currency. It closed at DM 4.3025, compared with DM 4.3050. Sterling also finished slightly easier against the French franc at FFr 12.15 compared with FFr 12.1675, and against the Swiss franc at SwFr 3.69 (SwFr 3.6925), but rose to Y457 from Y456.75.

D-MARK — EMS member (second weakest). Trade-weighted index was unchanged at 125.0 against 123.5 six months ago. Three-month interbank 8.075 per cent (9.525 per cent six months ago). Annual inflation 5.1 per cent (5.6 per cent previous month)—The D-mark was firmer against several European currencies and the Japanese yen at the Frankfurt fixing. The stability of German interest rates at a time when rates in France, Belgium and the Netherlands have declined has created an interest rate differential in favour of the D-mark, while reported foreign exchange losses by the Singapore branch of a Japanese bank has depressed the yen. The French franc fell to DM 35.385 per FFr 100 from DM 35.450; the Belgian franc to DM 5.1590 per BFr 100 from DM 5.1670; and the Dutch guilder to DM 91.38 per Fl 100 from DM 91.40.

Sterling also fell to DM 4.3060 from DM 4.3080. On the other hand the dollar remained very firm rising to its highest level since August 12 1981 at the fixing. The Bundesbank sold only a token amount of $2.55m when the dollar was fixed at DM 2.5408, compared with DM 2.5320. Demand for the U.S. currency was again a reflection of the political uncertainty in Bonn, and doubts about the ability of the opposition parties to replace the Social Democrats in Government without a general election in Germany.

ITALIAN LIRA—EMS member (strongest). Trade-weighted index was unchanged at 53.5 against 54.2 six months ago. Three-month interbank 18$\frac{11}{16}$ per cent (20$\frac{11}{16}$ per cent six months ago). Annual inflation 17.2 per cent (15.9 per cent previous month) — The lira improved against the D-mark and guilder at the Milan fixing. The D-mark fell to L561.65 from L562.05 and the guilder to L513.37 from L513.75. But the dollar was stronger, rising to a record L1,427.55.

THE POUND SPOT AND FORWARD

Sept 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6925-1.7020	1.6940-1.6950	0.06-0.11c dis	−0.60	0.42-0.52dis	−1.11
Canada	2.0930-2.1030	2.0935-2.0955	0.45-0.58c dis	−3.04	1.40-1.50dis	−2.77
Nethlnd.	4.69¾-4.73	4.70¾-4.71¾	1⅛-⅞c pm	2.86	3⅞-3⅜ pm	2.85
Belgium	83.25-83.80	83.60-83.70	8-18c dis	−1.86	47.57 dis	−2.49
Denmark	15.03-15.09	15.03½-15.04½	10⅞-11⅞ore dis	−8.83	21¾-23¾dis	−5.98
Ireland	1.2570-1.2620	1.2597-1.2607	0.48-0.63p dis	−5.28	1.37-1.57dis	−4.66
W. Ger.	4.29-4.33	4.29¾-4.30¾	1⅛-⅞pf pm	2.79	3⅛-2⅞ pm	2.90
Portugal	149.00-150.50	149.55-150.15	125-335c dis	−18.42	375-1050dis	−19.02
Spain	193.50-194.30	193.60-193.80	135-170c dis	−9.47	525-585dis	−11.46
Italy	2,413-2,424	2,418-2,420	13½-16½ lire dis	−7.44	52½-56½dis	−9.01
Norway	11.82½-11.88½	11.83½-11.84½	2¾-3¾ore dis	−3.29	12½-13½ dis	−4.35
France	12.13½-12.19	12.14-12.16	6-8c dis	−6.91	23-27 dis	−8.23
Sweden	10.65½-10.70½	10.67¾-10.68¾	3¾-4¾ore dis	−4.63	12⅞-13⅞dis	−4.98
Japan	455-460	456½-457½	1.45-1.25y pm	3.54	3.80-3.60 pm	3.24
Austria	30.15-30.35	30.22-30.27	8-4¾gro pm	2.53	23¾-17¾ pm	2.71
Switz.	3.67½-3.71	3.68½-3.69½	2¼-1¾c pm	6.50	6⅛-5⅜ pm	6.37

Belgian rate is for convertible francs. Financial franc 87.30-87.40. Six-month forward dollar 1.43-1.48c dis. 12-month 3.10-3.30c dis.

THE DOLLAR SPOT AND FORWARD

Sept 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6925-1.7020	1.6940-1.6950	0.06-0.11c dis	−0.60	0.42-0.52dis	−1.11
Ireland†	1.3425-1.3510	1.3445-1.3455	0.45-0.35c pm	3.57	1.15-1.00 pm	3.20
Canada	1.2350-1.2376	1.2350-1.2360	0.24-0.27c dis	−2.48	0.53-0.56dis	−1.76
Nethlnd.	2.7720-2.7820	2.7795-2.7815	0.93-0.83c pm	3.80	2.90-2.80 pm	4.10
Belgium	49.04-49.38	49.36-49.38	5-7c dis	−1.46	17-22 dis	−1.58
Denmark	8.8595-8.8945	8.8775-8.8825	5.55-6.45ore dis	−8.38	10.9-11.4dis	−5.02
W. Ger.	2.5300-2.5435	2.5385-2.5395	0.75-0.70pf pm	3.43	2.53-2.48 pm	3.95
Portugal	87.80-88.60	88.30-88.60	70-190c dis	−17.64	200-590dis	−17.86
Spain	114.15-114.35	114.20-114.30	55-75c dis	−6.82	240-275 dis	−9.01
Italy	1,422½-1,428¾	1,427-1,428	7½-8½ lire dis	−6.62	27½-29 dis	−7.91
Norway	6.9680-6.9900	6.9800-6.9850	1.30-1.70ore dis	−2.58	5.40-5.80dis	−3.21
France	7.1500-7.1875	7.1675-7.1725	3-3½c dis	−5.43	11¾-12¼ dis	−6.76
Sweden	6.2825-6.3020	6.2950-6.3000	1.90-2.10ore dis	−3.81	5.60-5.80dis	−3.62
Japan	268.10-270.20	269.70-269.80	0.96-0.88y pm	4.09	2.93-2.83 pm	4.27
Austria	17.80½-17.88	17.84-17.85	5.20-4.20gro pm	3.16	17.00-14.50pm	3.53
Switz.	2.1650-2.1850	2.1770-2.1780	1.28-1.20c pm	6.83	4.02-3.94 pm	7.31

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.50-51.60.

CURRENCY MOVEMENTS

Sept. 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.9	−31.9
U.S. dollar	123.9	+13.8
Canadian dollar	90.4	−17.6
Austrian schilling	117.2	+26.8
Belgian franc	93.4	−3.0
Danish kroner	81.2	−15.1
Deutsche mark	125.0	+49.9
Swiss franc	144.1	+94.6
Guilder	117.0	+24.8
French franc	72.5	−21.3
Lira	53.5	−58.4
Yen	127.4	+21.3

Based on trade weighted changes from Washington agreement December 1971 Bank of England index (base average 1975=100).

CURRENCY RATES

Sept. 28	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	..	0.631267	0.547291
U.S. $	10	1.07126	0.927823
Canadian $	13.18	*	1.14614
Austria Sch.	6¾	19.1198	16.5524
Belgian F	12½	52.8545	45.7231
Danish Kr.	11	9.51011	8.23443
D mark	7	n.a.	2.35417
Guilder	7	2.97917	2.57656
French F	9½	7.69593	6.65435
Lira	18	1529.22	1324.47
Yen	5½	288.705	250.208
Norwgn. Kr.	9	7.47204	6.48177
Spanish Pts.	8	122.552	106.050
Swedish Kr.	10	6.73180	5.84343
Swiss Fr.	5	2.33663	2.01820
Greek Dr'ch	20½	77.1843	66.7476

*C$/SDR rate for Sept 27: 1.32472.

OTHER CURRENCIES

Sept. 28	£	$		£ Note Rates
Argentina Peso	47.914†	28.310†	Austria	30.15-30.55
Australia Dollar	1.7840-1.7860	1.0530-1.0535	Belgium	86.50-87.40
Brazil Cruzeiro	349.36-350.36	206.20-207.23	Denmark	15.01-15.16
Finland Markka	8.2110-8.2290	4.8510-4.8530	France	12.13-12.23
Greek Drachma	118.824-125.482	71.80-72.10	Germany	4.29-4.33
Hong Kong Dollar	10.50-10.52	6.2050-6.2050	Italy	2390-2430
Iran Rial	146.85*	85.10*	Japan	458-463
Kuwait Dinar (KD)	0.4942-0.4949	0.2915-0.2917	Netherlands	4.69½-4.73½
Luxembourg Fr.	83.60-83.70	49.36-49.38	Norway	11.81-11.91
Malaysia Dollar	4.0200-4.0350	2.3725-2.3745	Portugal	149-165
New Zealand Dlr.	2.3590-2.3640	1.3925-1.3945	Spain	189½-202
Saudi Arab. Riyal	5.8305-5.8380	3.4390-3.4410	Sweden	10.65-10.75
Singapore Dollar	3.69-3.071	2.1800-2.1870	Switzerland	3.67½-3.71½
Sth. African Rand	1.9565-1.9585	1.1545-1.1560	United States	1.69-1.71
U.A.E. Dirham	6.2240-6.2330	3.6710-3.6740	Yugoslavia	117-128

† Rate shown for Argentina is commercial. Financial rate 65,945-65,985 against sterling, 38,950-39,000 against dollar. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.7231	+1.67	+1.26	±1.5501
Danish Krone	8.23400	8.23443	+0.01	−0.40	±1.6430
German D-Mark	2.33379	2.35417	+0.87	+0.46	±1.0888
French Franc	6.61387	6.65435	+0.61	+0.20	±1.3940
Dutch Guilder	2.57971	2.57656	−0.12	−0.53	±1.5004
Irish Punt	0.691011	0.690088	−0.13	−0.54	±1.6691
Italian Lira	1350.27	1324.47	−1.91	−1.91	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 28	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.695	4.303	457.0	12.15	3.690	4.713	2419.	2.095	83.65
U.S. Dollar	0.590	1.	2.539	269.7	7.170	2.178	2.781	1428.	1.236	49.37
Deutschemark	0.232	0.394	1.	106.2	2.824	0.858	1.095	562.2	0.487	19.44
Japanese Yen 1,000	2.188	3.708	9.415	1000.	26.59	8.074	10.31	5293.	4.583	183.0
French Franc 10	0.823	1.395	3.541	376.1	10.	3.037	3.879	1991.	1.724	68.85
Swiss Franc	0.271	0.459	1.166	123.8	3.293	1.	1.277	655.6	0.568	22.67
Dutch Guilder	0.212	0.360	0.913	96.98	2.578	0.783	1.	513.3	0.444	17.75
Italian Lira 1,000	0.413	0.700	1.779	188.9	5.025	1.525	1.948	1000.	0.866	34.58
Canadian Dollar	0.477	0.809	2.054	218.2	5.801	1.762	2.250	1155.	1.	39.94
Belgian Franc 100	1.195	2.026	5.145	546.5	14.52	4.411	5.634	2892.	2.504	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 28)

3 month U.S. dollars		6 month U.S. dollars	
bid 11 5/4	offer 11 7/8	bid 12 1/2	offer 12 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10⅞-11	10¼-10½	13¾-14¾	3½-4	1¼-1¾	7¾-7⅞	14-14½	16¾-17¾	11½-13	18¼-18¾	7-7¼	21⅝-23⅛
7 day's notice	10⅞-11⅛	10⅝-10⅞	13¾-14¾	6½-7	6¾-7	7¾-7⅞	15-15½	16½-18⅛	12-14	18¼-12½	7-7¼	21½-23
Month	10¾-10⅞	11⅛-11⅜	13½-13¾	7½-7⅝	4$\frac{1}{16}$-4$\frac{3}{16}$	7¾-7⅞	16½-17	18¼-19	12½-13½	12$\frac{7}{16}$-12$\frac{11}{16}$	7-7⅛	23½-25
Three months	10⅝-10¾	11½-11¾	13¼-13½	7⅝-7¾	4⅛-4¼	7$\frac{11}{16}$-7$\frac{13}{16}$	17¾-18¼	19¾-20¼	13-13¾	18¾-13	7¼-7⅜	20⅝-22⅛
Six months	10⅝-10¾	12¼-12½	13¾-14	8⅛-8¼	5$\frac{1}{16}$-5$\frac{3}{16}$	8$\frac{1}{16}$-8$\frac{3}{16}$	18¾-19¼	21-21½	13¼-14	13⅛-13⅝	7½-7⅝	20-21½
One Year	10¾-10⅞	12⅝-12⅞	14⅛-14⅜	8⅜-8½	5-5⅛	8-8⅛	19¼-19¾	21-21¾	13½-14¼	13⅝-13⅝	7⅝-7¾	18⅛-20

SDR linked deposits: one month 10¾-11 per cent; three months 11-11⅜ per cent; six months 11½-11⅞ per cent; one year 11⅝-12 per cent. ECU linked deposits: one month 11¼-11⅝ per cent; three months 11⅝-12 per cent; six months 12⅛-12½ per cent; one year 12⅛-12½ per cent.

Asian $ (closing rates in Singapore): one month ——— per cent; three months ——— per cent; six months ——— per cent; one year ——— per cent. Long-term Eurodollar: two years 13⅝-13⅞ per cent; three years 14-14⅜ per cent; four years 14⅛-14⅜ per cent; five years 14¼-14½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 10.55-10.65 per cent; three months 10.80-10.90 per cent; six months 11.30-11.40 per cent; one year 12.00-12.20 per cent.

MONEY MARKETS

Further fall in UK rates

UK clearing bank base lending rate 10½ per cent (since August 30 and 31)

The Bank of England gave a further clear signal to the money market yesterday of its desire to see a fall in interest rates. The Bank cut another ⅛ of a point from its band 1 and 2 dealing rates after a similar move on Monday and $\frac{1}{16}$ of a point from band 3 following Monday's ⅛ of a point reduction. Period rates were marked down accordingly with three-month sterling CDs quoted at 10$\frac{7}{16}$-10$\frac{9}{16}$ per cent, down from 10$\frac{9}{16}$-10$\frac{11}{16}$ per cent, and buying rates on three-month eligible bank bills slipping to 9$\frac{15}{16}$ per cent from 9$\frac{31}{32}$ per cent.

In the interbank market overnight money opened at 10¾-11 per cent and eased on the forecast to 10¾ per cent. After firming during the lunch hour to 12 per cent rates eased back to 11 per cent before finishing at 13 per cent. One weke money setarted off at 10¾-11 per cent but eased later to 10¾ per cent. On a revised shortage of £150m the Bank gave help of only £43m which may have reflected to some extent discount houses' reluctance to sell longer term bills faced with the prospect of further possible reductions in interest rates.

The Bank forecast a shortage of around £200m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£234m, partly offset by Exchequer transactions +£20m and a fall in the note circulation of £60m. The Bank gave assistance in the morning of £27m, comprising purchases of eligible bank bills. In band 1 (up to 14 days) it bought £2m at 10⅜-10½ per cent, in band 2 (15-33 days) £23m at 10¼-10⅜ per cent and in band 3 (34-63 days) it bought £2m at 10$\frac{3}{16}$ per cent. The forecast was later revised to a shortage of £150m before taking into account the morning's assistance and the Bank gave further help of £16m, making a grand total of £43m. The afternoon help comprised purchases of eligible bank bills, £1m in band 1 at 10⅜ per cent, £11m in band 2 at 10¼ per cent and £4m in band 3 at 10$\frac{3}{16}$ per cent.

In Frankfurt call money was quoted at 7.85-8.00 per cent up from Monday's figure of 7.85-7.90 per cent. Pension payments due this week are likely to drain up to DM 7bn from the system although this could be offset to some extent on Friday when a 10 per cent reduction in banks' reserve requirements comes into effect, releasing an estimated DM 5.5bn into the system.

In Amsterdam call money was cut to 4¾ per cent from 5½ per cent. This followed Monday's reduction to 5½ per cent from 7½ per cent as domestic money market liquidity increased sharply. However rates should firm later in the week reflecting revenue transfers to the Treasury.

EUROCURRENCIES

Eurodollars steady

Eurodollar rates showed little overall change yesterday. The market appeared to be waiting for some lead from the U.S. authorities, noting that Monday's announcement of a record trade deficit in August was to a great extent a reflection of the dollar's strength. There was growing speculation that the U.S. Federal Reserve may cut its discount rate despite the fact that M1 money supply is still running above target. For the time being Euro-dollar rates were less of a market factor, with the dollar drawing strength in the spot market from the current weakness of the D-mark and Japanese yen.

Elsewhere Euro-sterling rates were a little easier following further reductions in domestic rates, giving rise to speculation that UK clearing banks may soon reduce their base rates from the current level of 10½ per cent.

MONEY RATES

NEW YORK

Prime rate	13-13½
Fed funds (lunch-time)	9⅞-10⅛
Treasury bills (13-week)	7.52
Treasury bills (26-week)	9.02

GERMANY

Lombard	8.0
Overnight rate	7.925
One month	7.925
Three months	8.075
Six months	8.20

FRANCE

Intervention rate	13.75
Overnight rate	14.0
One month	13.9375
Three months	13.9375
Six months	13.875

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.21875

LONDON MONEY RATES

Sept. 28 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10¾-13	10⅞	—	—	11-11¼	10½-10¾	—	—	—
2 days notice	—	—	10¾-10⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¾-11¼	10¾-10⅞	—	—	—	10½	—	—	—
One month	10$\frac{13}{16}$-10$\frac{11}{16}$	10¾-11	11	11⅜-11	10⅞	11⅛-11¼	10-10¼	10$\frac{1}{16}$-10¼	10⅛	10$\frac{13}{16}$
Two months	10$\frac{9}{16}$-10$\frac{7}{16}$	10½-10⅞	10⅞	11-10¾	11¼	11¼	9⅞-10	9$\frac{11}{16}$-10$\frac{1}{16}$	9$\frac{31}{32}$	10$\frac{13}{32}$
Three months	10$\frac{7}{16}$-10$\frac{9}{16}$	10⅝-10⅞	10¾	10¾-10½	10¾	11⅛	9½-9¾	9$\frac{15}{16}$	9$\frac{15}{16}$-9⅞	10
Six months	10¼-10$\frac{7}{16}$	10⅝-10⅞	10⅝	9¾-9⅞	10¾	11⅛	—	—	9$\frac{11}{16}$-9$\frac{13}{16}$	10$\frac{1}{16}$
Nine months	10¼-10$\frac{7}{16}$	10⅝-10⅞	—	10⅝-10½	10¾	—	—	—	—	
One year	10¼-10$\frac{7}{16}$	10⅝-10⅞	10⅝	10½-10¼	10¾	—	—	—	—	
Two years	—	—	11	—	—		—	—	—	

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Rate for interest period 4 August to 7 September 1982 (inclusive): 11.097 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 11⅛ per cent; four years 11½ per cent; five years 11⅝ per cent. ⊕ Bank bill rates in table are buying rates for prime papers. Buying rate for four-month bank bills 9⅞ per cent; four-month trade bills 10$\frac{13}{32}$ per cent.

Approximate selling rate for one-month Treasury bills 10$\frac{1}{16}$-10⅛ per cent; two-months 9$\frac{13}{16}$-9$\frac{25}{32}$ per cent and three-months 9$\frac{29}{32}$ per cent. Approximate selling rate for one-month bank bills 10$\frac{1}{16}$ per cent; two months 9$\frac{29}{32}$ per cent and three-months 9$\frac{27}{32}$-9$\frac{13}{16}$ per cent; one-month trade bills 10$\frac{9}{16}$ per cent; two-months 10$\frac{13}{32}$ per cent; three-months 10$\frac{7}{32}$ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from September 1 1982. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Clearing Deposit Rates for sums at seven days' notice 7¼-7½ per cent. Treasury Bills: Average tender rates of discount 9.9670 per cent. Certificate of Tax Deposit (Series 5) 11 per cent from August 18. Deposits withdrawn for cash 9 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.3	240.4	-0.2	—
Equity Fund	56.1	59.1	+0.1	—
Property Acc.	267.4	281.5	-0.3	—
Equity Acc.	55.6	58.6	+0.1	—
Selective Fund	158.8	167.2		—
Money Fund	170.3	179.2	+0.2	—
Convertible Fund	182.6	192.3	+0.3	—
Prop. Fd. Ser. 4	210.6	221.7	-0.2	—
Equity Ser. 4	62.1	65.4	+0.1	—
Man. Ser. 4	215.5	226.9	+0.3	—
Money Ser. 4	154.3	162.5	+0.2	—
Conv. Ser. 4	154.4	162.7	+0.2	—
Fixed Int. Fd. Ser. 4	134.3	141.4	+0.8	—
American Ser. 4	128.4	135.2	-0.4	—
High Inc. Ser. 4	122.2	128.7	+0.4	—
Indexed Int. Series 4	99.0	104.3	-0.3	—
Pensions Property	320.5	337.4	-0.2	—
Pensions Equity	327.1	399.1	+0.5	—
Pensions Selective	161.0	169.5	+0.1	—
Pensions Managed	322.5	339.5	+0.7	—
Pensions American	96.2	101.3	-0.5	—
Pensions Security	229.7	241.8	+0.5	—
Pensions Fixed Int.	130.8	137.7	+0.8	—
Pensions Indexed Int.	99.5	104.8	-0.2	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	337.7	355.4	-0.4	—
Fixed Int. Acc.	218.8	230.3	+1.1	—
Gtd. Money Fd. Ac.	159.4	167.8	+0.1	—
Intl. Man. Fd. Acc.	149.7	157.6	-0.3	—
Intl. Fxd. Int. Fd.	117.4	123.6	+0.4	—
Prop. Fd. Acc.	160.5	168.9		—
M'ple Inv. Acc.	287.5	302.6		—
Equity Pen. Fd. Acc.	480.4	506.1	-0.7	—
Fixed I. Pen. Acc.	368.8	388.2	+2.5	—
G'td. Mon. Pen. Acc.	223.7	235.6	+0.1	—
Intl. Mn. PenFdAcc.	175.0	184.2	-0.4	—
Prop. Pen. Acc.	212.9	224.1		—
M'ple Inv. Pen. Acc.	395.6	416.4	+0.1	—

AMEV Life Assurance Ltd.
24, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

Pens. Equity Acc.	107.5	113.1	—	—
Pens. Equity Init.	102.6	107.9	—	—
Pens. Fxd. Int. Acc.	121.1	127.4	—	—
Pens. Fxd. Int. Init.	115.9	121.9	—	—
Pens. Money Acc.	112.2	118.1	—	—
Pens. Money Init.	107.2	112.8	—	—

Crusader Insurance PLC
Tower Hse., 38 Trinity Sq., EC3N 4DJ. 488 2323

Growth Prop. Sept. 7	104.6	115.2	—	—
Mngd. Pens. Sept. 7	124.08	130.61	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	90.2	93.9	+0.9	5.46

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	204.1	214.8	—	—
Higher Inc. Fund	133.5	140.5	—	—
Property Fund	194.5	204.7	—	—
Fixed Interest Fund	163.7	172.3	—	—
Index Linked Secs Fnd.	95.4	100.4	—	—
Gtd. Deposit Fund	137.8	145.0	—	—
Nth. America Fund	119.9	126.2	—	—
Far East Fund	81.0	85.2	—	—
International Fund	104.0	109.4	—	—
Mixed Fund	182.7	192.3	—	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	206.8	217.4	—	—
Ind. Pen. Property	148.0	155.7	—	—
Ind. Pen. Fixed Int.	157.4	165.6	—	—
Ind. Pen. Indx Lk. Scs.	105.1	110.6	—	—
Ind. Pen. Overseas	156.5	164.7	—	—
Ind. Pen. Cash	139.3	146.6	—	—
Ind. Pen. Balanced	167.5	176.4	—	—
Ind. Pen. Dep. Admin.	139.8	147.1	—	—

Prices at Sept. 9. Next settlement Oct 14.
Group Pensions Funds—Prices Available On Request.

Family Assurance Society
68, East Street, Horsham. 0403 50255

Family A. Managed	177.9	187.5	—	—
Family B. Managed	92.8	97.7	—	—
Family C. Brit.	76.1	77.7	—	—
Family D. Fixed Int.	122.3	124.8	—	—
Family Capital Mngd.	95.8	97.4	—	—

Lloyds Life Assurance

Britannia Funds—Series

Gartmore Funds—Series

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.

Wardley Nikko As. Fd.	$31.32	32.51	-1.18	3.51
Wardley Bond Trust	$10.01	10.20	.....	8.92
Wardley Japan Trust	$14.06	14.57	-0.14	1.44

World Wide Growth Managementф
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.44		-0.20	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	32.4	33.8	.....	6.60
Chinese Fund	58.7	61.1	.....	9.30
Precious Metal Fund	136.6	142.2	.....	8.30
Vanguard Cmdy. Fd.	39.6	40.6	.....	2.26
Financial Futures Fd.	97.1	101.1	.....	—
Wren Intl. Fxd.*	$0.770	0.800	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

[redacted]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
72	57¾	Agric. Mt. 5pc '59-89	71⅞	......	7.08	11.30
34	24¾	Met. Wtr. 3pc 'B'	34ad	+¼	8.86	11.29

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Gr's	P/E
282	182	ANZ SA1	207	−8	028c	3.3	7.7	4.0
270	205	Alexanders D. £1	260	......	18.5	—	10.2	—
£63½	£48	Algemene Fl.100	£48	......	w026%	1.8	11.2	4.9
100	75	Allied Irish	90	......	Q45.3%	4.0	10.3	3.1
*16⅝	10¼	Ansbacher (H.) 5p.	11½	......	0.35	—	4.3	—
275	200	Bk. Ireland £1	260	......	t29.4%	—	9.3	—
3½	2	Bk. Leumi S0.1	2½	......	h08%	—	0.7	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا مثل الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♠ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend: cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.
♥ Rate applicable to non-Zimbabwean residents.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	42	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	450	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	30	......
Graig Ship. £1	£21	......
Higsons Brew	98	......
Holt (Jos) 25p	770	−10
I.O.M. Stm. £1	80	......
Pearce (C. H.)	£12	......
Peel Hldgs.	157	......
Sheff. Refrshmt	140	+5
Sindall (Wm.)	270	......

IRISH		
Exch. 15pc 1983	£100¼	......
Nat. 9¾% 84/89	£79½	......
Fin. 13% 97/02	£85¾	......
Alliance Gas	105	......
Arnott	210	−10
Carroll (P.J.)	76	......
Concrete Prods.	61	......
Heiton (Hldgs.)	15	......
Ins. Corpn. Ireland	410	......
Irish Ropes	33	......
Jacob	75	......
T.M.G.	5½	......
Unidare	47	......

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

FINANCIAL TIMES

Wednesday September 29 1982

BREAK-UP THREAT TO CONSTRUCTION MACHINERY PARTNERSHIP

Fiat fights for U.S. venture

BY PAUL TAYLOR IN NEW YORK AND RUPERT CORNWELL IN ROME

ALLIS-CHALMERS, the U.S. manufacturer of farm, industrial and mining equipment, is seeking to pull out of its loss-making construction machinery joint venture with Fiat of Turin.

The financially-troubled U.S. company has begun a court action in Illinois to liquidate Fiat-Allis, in which Allis-Chalmers has 12.75 per cent, and to appoint a reciever to share out the company's assets.

Continuing heavy losses at Fiat-Allis have become a further major drain on the U.S. company which has been hard hit by the recession.

Fiat last night served notice that it will fight the liquidation request by Allis-Chalmers. The group described the demand as "procedurally unacceptable, and completely without foundation."

According to Fiat, Allis Chalmers has several times asked Fiat to buy it out completely, but the Turin group emphasised that it had no contractual obligation to do so.

Fiat re-stated its continuing faith in Fiat-Allis, despite the current difficulties the latter was facing, especially in the U.S., and the background of a 25 per cent slump in global demand for earth moving equipment this year alone.

Allis-Chalmers reported a $46.1m (£27.2m) loss last year including a $17.3m write-off on its investment in the joint venture. In the first six months of this year the company reported a $13.3m loss despite an after-tax gain of $16.7m from the sale to Siemens AG of West Germany of an additional stake in its other major joint venture, Siemens-Allis.

The company claims in its law suit that its equity interest has been seriously jeopardised by the joint venture's losses which have totalled more than $183m since the beginning of 1977.

Allis-Chalmers also claimed that Fiat, as the majority shareholder, "has increasingly controlled the joint venture partnership so as to further Fiat's own interests without regard to the interests of Allis-Chalmers."

Fiat claims it has made major efforts to rationalise production, cut costs and adopt a more aggressive marketing policy. This strategy had already borne some fruit, according to Fiat.

Fiat-Allis in the U.S. refused to comment on the dispute yesterday. However, the Allis-Chalmers suit includes details of a letter dated March 2, in which Fiat rejected suggestions that Allis-Chalmers was not "adequately represented" and said there was no reason to explore the possibility of the U.S. company leaving the joint venture.

The court action, which was begun in July but has only just come to light, seeks to have a receiver appointed who would oversee the distribution of Fiat-Allis assets to the two partners.

British Gas warns of shortages in supplies

By Ray Dafter, Energy Editor

GAS SHORTAGES could arise in Britain within the next five years, new studies of British Gas Corporation supplies show.

Because of this the corporation's search for fresh sources of natural gas is becoming increasingly urgent. Earlier studies had suggested Britain would face no problem until at least the end of the decade.

Mr James Allcock, the Corporation's director of petroleum purchasing, said British Gas needed to find 1.9bn cu ft a day of new supplies by 1990—the equivalent of almost 40 per cent of the present average rate of sales (about 5bn cu ft a day). By 1995 the Corporation could be needing an extra 3.9bn cu ft a day.

Mr Allcock recently told energy experts in Norway—regarded as a prime source for new supplies—that a sizeable gap could open up from the mid-1980s between the annual UK demand for gas and the diminishing supplies under contract.

A report published yesterday by stockbrokers Wood, Mackenzie reinforced the Corporation's concern. It shows that British Gas could face permanent shortages from 1988 and temporary shortfalls during winter peak periods of demand from 1986 or 1987.

Demand

British Gas and Wood, Mackenzie forecast that UK demand for gas could grow to between 5.5bn and 6bn cu ft a day by the late 1980s. Growth could be accelerated if British Gas is faced with a heavy demand from industry.

The Corporation has until now restricted sales to industry, in the main supplying only companies that specifically need high quality gas for industrial processes or factories willing to buy on an interruptible basis. British Gas believes it may come under increasing pressure to supply factories with gas since the Government recently freed the market for industrial sales and broke the Corporation's distribution monopoly.

In an effort to plug the supply gap British Gas will shortly be bidding hard for new supplies from the Sleipner Field in the Norwegian sector of the North Sea. Sleipner could provide between 1bn and 1.1bn cu ft a day of gas from 1990 or 1991. But the Corporation expects to face strong buying competition from some 15 other interested parties on the Continent.

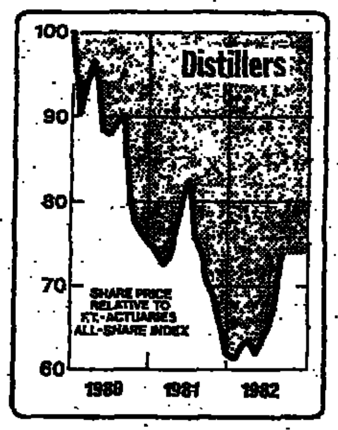
Because of this it is likely British Gas will bid over 20p a therm for Sleipner supplies, or about twice the average of 10.6p a therm paid for supplies in the 1981-82 financial year.

Condensate find, Page 10; Editorial Comment on natural gas pricing, Page 24

THE LEX COLUMN

Frankfurt holds its breath

Index rose 7.1 to 587.6



The chance to tender for a new gilt-edged stock does not come round often these days, and with prices bubbling up near a 10-year high yesterday there should be enough interest in Exchequer 10½ per cent 1988 to take it out at a good half-point premium over its £96 minimum tender price this morning.

In response to some criticism of its behaviour at the last tender—when the cut-off price was fixed at a level at which the stock was not quite fully subscribed—the Bank of England has redrafted its standard prospectus. The new wording makes crystal clear what was previously rather coyly expressed—that the Bank reserves the right to do precisely what it likes with applications.

Germany

Whatever the final outcome of the horse-trading in Bonn this week, there is a strong probability that the centre of gravity in West German politics will swing to the right, if not immediately then after the elections early next year. Yesterday, it became clear what sort of economic programme a centre-right coalition could be expected to follow—and it makes chilly reading for Germany's trading partners.

The policy-makers start from the assumption that the 3 per cent growth rate on which the Social Democrats had based their 1983 budget planning is unrealistically high. Observers of the budget turmoil in the U.S. will not be surprised to see that roughly halving this assumption produces a near doubling of the implied budget deficit.

Like their counterparts in the U.S., UK and, most recently, France, [illegible] look at these figures and throw their hands in the air. Their reaction—a big dose of fiscal austerity with higher taxes and cuts in public spending—makes sense taking the German economy in isolation. They may reckon that the recent decline in interest rates will enable the domestic private sector to ride out a dose of stringency.

But, from an international viewpoint, it looks like yet another example of competitive deflation. The German locomotive, which strained every piston to lead the world out of recession five years ago, is being consigned to the shunting yards.

Planning is clearly in a very early stage. It is possible that the conduct of monetary policy and the general attitude of the independently-minded central bank will be rather less austere if the economy continues to show no signs of growth. Even so, the propensity of the German equity market to behave like a political weather-vane, with prices closely following the fortunes of the centre-right coalition, looks a little short-sighted.

The coalition has included proposals to help the construction industry, which is almost obligatory at this stage in the cycle, but higher VAT and an effective increase in top rates of income tax (through compulsory interest-free borrowing from high earners) is not good news for the consumer sectors. Meanwhile, the poor German capital goods exporter, running into increasingly difficult markets in his favourite territories—France, Latin America and the Middle East—gets no help on his home patch.

In addition, the policy is presumably intended to strengthen the D-mark against the dollar—causing more trouble on the way for the French franc and the EMS. Just as important for German manufacturers is the parity against a chronically weak yen: competing with Komatsu is hard enough as it is.

In fact, a durable strengthening of the D-mark is by no means the automatic outcome of a change in government. The dismal performance of the currency over the last few years is not principally a comment on social democratic monetary management. If anything, the presence of an internationally-respected leader like Herr Schmidt has been a plus point for the currency.

There is also the risk that the introduction of rigorous policies now will prove an electoral liability for the centre right next spring. Foreign investors in Germany are alarmed by the prospect of a hung and politically fragmented parliament in which the balance of power is held by interests even less predictable than the liberals.

Scotch whisky

The distilling industry has laboured under the handicap of falling volume for roughly three years. World demand for Scotch whisky, down by 5 per cent in 1980, fell another 10 per cent last year. In the last few weeks, however, sentiment has taken a small turn for the better.

Quite apart from the takeover rumours swirling around Arthur Bell, The Distillers Company has been shaving its demand forecasts up to a roughly level position for the current year. The fall in interest rates has made a solid equity yield of about 7½ per cent look that much more attractive and the shares have at last started to outperform.

For companies at the back end of the production chain, however, this may be little consolation. Tomatin Distillers, which makes fillings for the big name blenders, is relying on windfalls to tide it over the present recession. Production, barely visible at only 15 per cent of capacity, has not budged since last year and the company expects no improvement in the second half.

The company has reported pre-tax profit of £109,000 for the six months to June, but this is struck after an exceptional credit of £1.3m arising from a change in EEC cereal policy. The balance sheet has been pepped up by a property revaluation and by the £1.5m which Heineken chipped in for a 20 per cent equity stake last year. Even so, the picture is unlikely to look very bright by the end of the year.

The likes of Tomatin are obviously highly geared to movements in the pattern of whisky demand. Arguably, the company would benefit from the resources of a wealthy parent to help it through patches like this. But, since Hiram-Walker's bid for Highland Distilleries was blocked on Scottish grounds, potential purchasers may think twice about mixing it with the distillers.

Efficiency shake-up in Civil Service

By Gareth Griffiths

GOVERNMENT departments have been told to introduce wide-ranging changes in their internal management.

A White Paper published yesterday says departments must improve training in financial skills for civil servants, introduce clear performance measurement indicators, make better use of resources, and ask the question: "Where is the money going and what are we getting for it?"

The Government has told departments to submit their management plans to the Treasury and the Office of Manpower and Personnel, the government department in charge of the Civil Service, by January. The overall report on management within the Government will be published by July.

Lady Young, Chancellor of the Duchy of Lancaster and the cabinet minister responsible for the Civil Service, said yesterday that money saved by departments would be given back to them as an incentive. She and Sir Geoffrey Howe, the Chancellor, are to have monthly meetings to monitor the policy.

Criticism

The White Paper is a response to the severe criticism of the way the Civil Service is managed made by the Commons Treasury and Civil Service Committee. The thrust of the Government's proposals deal with administrative rather than policy matters, and the extension of parliamentary scrutiny, through a greater role for the select committees and the Comptroller and Auditor General, is ruled out.

The Management Information System for Ministers (MINIS), introduced by Mr Michael Heseltine, the Environment Secretary, is praised by the White Paper as a model for the new plans to be introduced in other departments.

MINIS, brought into the DoE in 1979, contains a summary of organisation and overall staff numbers, a summary of main activities and costs, performance targets and information on functions and costs.

It was introduced on a six-monthly basis but is now working on an annual one, and the Environment Secretary hopes it can also be introduced to local authorities.

Israeli massacres probe to have unlimited brief

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government yielded to domestic and international pressure yesterday by announcing that it would appoint an independent judicial commission of inquiry into the massacre of Palestinians in two refugee camps in Beirut almost two weeks ago.

The decision follows last week's resignation by one minister over an earlier refusal to institute a full-scale independent investigation of Israel's role, if any, in the slaughter. At least two more ministers had also threatened to resign.

The ministers had earlier gone along with the refusal of Mr Menahem Begin, the Prime Minister, to countenance the appointment of a judicial commission of inquiry. But the growing demands within Israel for an objective inquiry, which culminated in a large demonstration in Tel Aviv on Saturday night, undermined the unity of the coalition Government.

"To put an end to the false libels to the effect that the Israeli Government has something to hide in this matter, or that it would like to avoid its full clarification, the Cabinet has decided, at the Prime Minister's suggestion, to revise its previous decision," said a communique after a four-hour special Cabinet meeting yesterday.

In Lebanon, Israeli troops still held a post at Beirut Airport yesterday, but pulled out of other positions in West Beirut to clear the way for full deployment of the three-nation peacekeeping force. Brigadier Saad Sayel, the chief of staff of the PLO's armed forces, was killed on Monday night in an ambush in eastern Lebanon.

Israeli troops leave port, Page 4

The commission will inquire into "all the facts and persons connected with the atrocity, which was carried out by a unit of the Lebanese forces against the civilian population in the Chatila and Sabra camps," it said.

Mr David Levy, a Deputy Prime Minister, said after the Cabinet session: "The Government did not limit the area of inquiry. Everything is open to examination, both the political and military levels." The commission will have full powers to subpoena witnesses and make them testify under oath.

Mr Yitzhak Berman, who resigned as energy minister last week, said he would not withdraw his resignation. Even though the Government had acceded to his original request, he was still unhappy with other aspects of its operations, he said.

Instead, he called for the formation of a government of national unity. The opposition parties generally welcomed the Cabinet's change of heart, though the Labour Party continued to demand the resignation of Mr Begin and General Ariel Sharon, the Defence Minister.

It said it wanted a thorough investigation, not only of the massacre but also of all the events which preceded.

The announcement of the inquiry did not defuse the anger among Palestinians living under Israeli occupation on the West Bank. The continuing protests yesterday led the military government there to impose a curfew on Nablus, the West Bank's largest town, where disturbances have continued for some days.

Bank loans to home buyers hit £1.38bn peak in summer

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

NEW BANK lending for house mortgages reached a record £1.38bn in the three months from mid-May to mid-August, according to figures released by the Bank of England yesterday.

This was more than twice the new lending in the same period a year earlier and means that the banks were attracting almost as much new mortgage business as the building societies.

These figures relate to a period just before announcements by most major clearing banks that they planned to slow down their lending on new mortgages.

In the early summer, the Government became anxious about the continued rapid growth of bank lending to the personal sector, including lending for house purchase. Between May and August, this lending increased by £2.02bn, or 11.7 per cent of total outstanding personal loans.

This rate of increase has caused concern in the Government because on an annualised basis the rate is about four times the Government's target rate for growth in the money supply.

The authorities have also been worried about the extent to which increased credit granted on the security of houses may have leaked into purchases of other items, including cars, yachts and consumer durables.

The Government will be watching carefully to guage the extent to which the banks will fulfil their announced intention to curb the increase in lending for house mortgages.

Yesterday's figures showed that, after seasonal adjustment, total bank lending in sterling to the private sector, including business, increased by £3.45bn during the May to August period. This was a somewhat larger increase than in the comparable period in 1981, but it represented a deceleration compared with the record increase of £5.11bn in the previous three months.

The increase in the most recent three-month period included a £532m rise in lending to manufacturing industry. This was in line with the average rate of expansion during the previous 12 months.

However, this overall increase included a net contraction of lending of £428m to the food, drink and tobacco sector.

Bank lending to the services sector increased by only £296m in May to August, compared with an increase of £1.91bn in the previous three months and an increase of £1.26bn in May to August a year earlier.

This relatively small increase partly reflects a contraction of lending to local and national government and the public utilities.

Details, Page 9

Weather

UK TODAY

SHOWERS in all areas.

SE England, East Anglia
Rain, brighter later. Max. 17C (63F).

Rest of UK
Showers, heavy at times, especially in West. Sunny intervals. Max. 16C (61F).

Outlook: Dry and bright, rain spreading to North and West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	Locarno	F	19	66
Algiers	F	28	82	London	F	17	63
Amsdm.	S	17	63	L. Ang.†	F	16	61
Athens	S	28	82	Luxmbg.	F	17	63
Barclna.	F	23	73	Luxor		—	—
Beirut		—	—	Madrid	F	20	68
Belfast	C	12	54	Majorca	C	25	77
Belgrd.	S	28	82	Malaga	S	24	75
Berlin	F	20	68	Malta	F	27	81
Biarritz	S	24	75	M'chstr.	F	15	59
Bmghm.	F	17	63	Miami†	F	24	75
Blackpl.	F	15	59	Milan	S	22	72
Bordx.	S	23	73	Montrl.†	C	13	55
Boulgn.	S	16	61	Moscow	R	10	50
Bristol	C	15	59	Munich	F	15	59
Brussels	S	17	63	Naples	S	28	82
Budpst.	F	24	75	Nwcstl.	C	14	57
Cardiff	C	15	59	N. York†		—	—
Cas'b'ca	S	22	72	Nice	S	23	73
Chicg.†	S	9	48	Oporto	F	19	66
Cologne	F	19	66	Oslo	C	13	55
Cpnhgn.	S	18	64	Paris	F	18	64
Denver†	F	7	45	Prague	F	20	68
Dublin	C	12	54	Reykjvk.	S	8	46
Dbrvnk.	S	26	79	Rhodes	S	28	82
Ednbgh.	F	16	61	Rome	S	26	79
Faro	F	22	72	Salzbrg.	F	16	61
Florence	F	21	70	S F'cisc†	F	11	52
Frankft.	F	19	66	Stckhm.	C	13	55
Funchal	F	23	73	Strasbg.	S	21	70
Geneva	S	17	63	Tangier	F	23	73
Gibraltar	S	23	73	Tel Aviv	C	26	79
Glasgow	R	12	54	Tenerife	S	25	77
G'rnsey	S	16	61	T'ronto†	C	14	57
Helsinki	C	12	54	Tunis	S	29	84
Innsbrk.	F	18	64	Valencia	C	22	72
Invrnss.	C	14	57	Venice	F	24	75
Istanbul	S	24	75	Vienna	C	18	64
Jersey	F	17	63	Warsaw	F	18	64
L. Pims.	S	24	75	Zurich	S	17	63
Lisbon	C	20	68				

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Bonn Continued from Page 1

● Pensions would be raised (by the already planned 5.6 per cent) in July, not January, and pensioners would have to pay a contribution to medical insurance.

● Family allowances would be cut (for example, from DM 100 to DM 80 monthly, for a second child) when parents have incomes above a net DM 42,000 a year.

● Students would receive loans only, not grants, from the state from next autumn.

● Public service pay increases would be limited.

Reacting to the proposals the SPD accused the CDU-CSU-FDP of breaking promises. VAT was being raised, government borrowing increased and higher incomes were being hit, steps the SPD proposed previously but the FDP had refused firmly.

The plan give the detailed CDU-CSU-FDP alternatives to the 1983 budget drawn up by the SPD-FDP coalition which collapsed on September 17.

Bankers Continued from Page 1

that continued concern about the political situation in West Germany had contributed to the strong demand for the dollar. It rose from DM 2.5360 to DM 2.5390, its highest level for more than a year against the German currency.

The Bank of England's action in cutting another ⅛ of a percentage point off the rate at which it buys the shortest-dated ("band one") paper in its daily money market operations, is a clear sign that it wants to see lower interest rates.

If it continues to cut its rates during the rest of the week, the clearing banks will be under considerable pressure to cut their base rates from their current 10.5 per cent. There is growing evidence that UK base rates could fall below 10 per cent well before the year end.

Sterling has fallen to its lowest level against the U.S.

Massey agrees rescue plan Continued from Page 1

theoretically, now be built at the plant, which currently produces 45,000 units a year. But the Detroit factory had been using a high proportion of Coventry-built components, which would now not be exported.

The move would entail real increments in production, in France and Italy, of about 2,300 units.

A Massey statement also warned that the company would have to redouble its efforts to reduce costs in the face of continued market weakness, and said it would be holding discussions with employees on keeping costs down "in the very near future."

The Coventry spokesman said that in the current economic climate it was not possible to rule out cuts in the workforce.

Large four-wheeled tractor production has already been transferred from Detroit to Brantford, Ontario. That production will continue.

The latest proposed transfer is estimated to involve costs of $20m, but a similar saving is expected from lower wage costs and more efficient production.

Massey says it will attempt to save some jobs in Detroit. Discussions have been taking place with other manufacturers on the plant's future.

The company is also delaying the re-opening of its combine harvester operations at Brantford and Toronto at least until the end of the year, when it will review the state of the market.

About a month ago Massey delayed re-opening these plants, which had been shut down temporarily because of the poor state of the market. About 2,400 people are laid off at the two plants.

In July last year Massey agreed a $715m re-financing programme under which the Canadian federal and Ontario provincial governments took shares in the company after it suspended dividend payments on $200m of preferred shares held by 15 Canadian institutions. The governments also gave loan guarantees.